



# Doing Business In Egypt: A Country Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business In Egypt

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## Market Overview

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At 77.5 million, Egypt is by far the largest Arab country by population. It sits in the heart of the Middle East and has a reasonably well-educated labor force. Egypt's economy, traditionally associated with agriculture and particularly cotton, has become much more diversified than in the past. Its unmatched ancient monuments and spectacular coral reefs have made tourism its single largest foreign exchange earner. It is also a major oil and gas producer, with natural gas production increasing rapidly. The clothing and textile sector is the largest industrial employer and also a major foreign exchange earner. Other major industries include steel, cement, chemicals, pharmaceuticals, and light consumer goods. Agriculture, although shrinking as a percentage of GDP, still employs almost 30% of the population.

The U.S. is Egypt's largest bilateral trading partner. Egypt is one of the largest markets worldwide for American wheat and a significant importer of other agricultural commodities, machinery, and equipment. The U.S. is also the second largest investor in Egypt, after the United Kingdom. Roughly two-thirds of total U.S. investment is in the oil and gas sector, but also includes investment in areas such as information technology, consumer goods, automobile production, and financial services. Given its strategic position in the region, Egypt continues to benefit from strong donor support. The U.S. Government has worked closely with Egypt on its economic reform program, and is its largest bilateral aid donor. U.S. non-military economic assistance to Egypt in FY 2005 was approximately \$535 million.

Since the beginning of 2005, Egypt's economy has improved considerably due mainly to a reformist government that was appointed in the summer of 2004. The reformers have successfully taken several steps including floatation of the Egyptian pound, elimination of the foreign exchange shortages along with the black market, reduction in tariffs and simplification of the tariff structure by cutting the number of rates and categories, and the reduction of the amount of red tape necessary to conduct business, etc. The economy grew at a 5.1% rate in 2005 and the new measures have inspired a wave of enthusiasm in the business community. As a result, the country's stock exchange closed its last day in December 2005 140% higher than December 2004.

The reforming spirit has been supported by other, tangible economic considerations. Tourism numbers are moving upwards and Egypt started significant natural gas exports in 2005, and is expected to eventually reach the level of the sixth largest gas exporter worldwide. Suez Canal revenues are up smartly. Trade agreements with the European

Union and the establishment of Qualified Industrial Zones (QIZs) allowing duty-free exports to the United States augur well for strong export growth.

### **Market Challenges**

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Although the reformers have developed considerable momentum, red tape remains a business impediment in Egypt, including a multiplicity of regulations and regulatory agencies, delays in clearing goods through customs, arbitrary decision-making, high market entry transaction costs, and a generally unresponsive commercial court system.

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U.S. firms have competed successfully for major infrastructure projects in Egypt. More projects are on the way, some of which have regional impact, such as airports, telecommunications, TV broadcasting, and port projects. The petroleum, power generation and transmission, and telecommunications/information-technology sectors represent the most promising sectors for U.S. companies in Egypt. Much of the apparel and textile sector has been dominated by state-owned firms but the access to the U.S. economy through the Qualified Industrial Zones (QIZ) is expected to bring a push for privatization and new investment in this important sector. Tourism, as the largest earner of foreign exchange and employer of more than 10% of Egyptian workers, also offers strong possibilities. Expansions in the Red Sea resorts provide increasing opportunities for exporters of hotel equipment and environmental management services. Airports and other infrastructure being built to serve the new resorts also represent additional opportunities for U.S. exports and investment. Tourism along the Red Sea coast continues to be a big draw and the government is now pushing development along the Mediterranean coast as well. These opportunities are attracting U.S. project management expertise and quality U.S. building systems and equipment.

### **Market Entry Strategy**

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A local partner is imperative to successful penetration of this market. There are several reasons for this. First, given the continuing bureaucracy, a local partner is necessary to shepherd business through the delays and obstacles. Second, foreign companies cannot bid directly on government tenders; they must act through local agents. Third, as the market becomes more sophisticated in Egypt, there is a growing demand for after-sales service – and that can be more convincingly provided by a local agent.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5309.htm>

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### Using an Agent or Distributor

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Egyptian law concerning commercial agency agreements is among the most liberal in the Middle East. The law is neutral concerning exclusivity, compensation is not required to cancel an agency, and there is no minimum notification period for cancellation. There is no requirement that the agent authorize the import of the foreign principal's products into Egypt, nor that the importation take place through the agent. Importers of any product must be separately registered, under another law. Commercial agents must register the existence of their agency with the Ministry of Industry and Foreign Trade's Commercial Registry Department, giving basic facts about the agreement, including the amount of commission to be received on sales. The foreign firm itself faces no local registration requirement. The commercial agency law is also neutral about dispute settlement procedures leaving this to the parties to decide, preferably in writing at the time of appointment of the agent, and in advance of a dispute and on the amount of commission due an agent.

Commission rates vary according to the type of product or service, volume of sales, and effort needed by the agent. The larger the volume of sales, the smaller the commission. For commodities such as rice, wheat, sugar, lumber or cotton, the commission ranges between 1-3%; for chemicals and foodstuffs 3-5%; for medical equipment, earthmoving equipment, office/business equipment, about 10%; and for expensive laboratory and scientific equipment, 15%. For major projects such as a complete civil engineering project, the commission is typically 1-3%. In tenders, the commission is calculated in the quoted bid. If a bidder reduces the bid price, the agent typically is asked to share in the reduction. Commission rates must be reported in bid packages for government tenders, with the government reserving the right to reduce any commission it deems extravagant. Commission rates also must be noted in the Ministry of Industry and

Foreign Trade's Commercial Registry documents signed by the Egyptian agent. Agent exclusivity is not required by law; the majority of U.S. firms have one or two Egyptian agents for different products, although a few have more.

Agencies can be split geographically and/or by product, although this is generally avoided in a country like Egypt, where activity is centralized around the capital city of Cairo. If there is a geographic split, it is generally Alexandria with or without the Delta cities on one hand, and Cairo and the Nile valley on the other. Agencies also can be split between private and public customers, with one agent specializing in tenders and another handling private sector customers. Agents often appoint subagents to cover smaller cities.

There is no special Egyptian secret to finding a partner. It is no more or no less difficult and personal in Egypt as anywhere else. Networking and lengthy investigation by the interested principal are necessary.

There are plenty of reputable, dynamic, educated, and far-sighted Egyptian entrepreneurs in Egypt, and some reside overseas in London, Paris, or the United States. The best are on par with those of senior management of major U.S. corporations, and they should never be underestimated in evaluating them or in negotiating with them.

In the search for an appropriate partner, the U.S. Mission in Egypt can be helpful through its network of contacts developed by the Commercial Service, Foreign Agricultural Service, U.S. Agency for International Development, the Office of Military Cooperation, the Embassy's Economic-Political office, and others. The Gold Key Program and International Partner Search (IPS) program, offered by the U.S. Commercial Service, are designed to assist U.S. companies in finding appropriate local agents/distributors for their products. For further information, U.S. business representatives should contact the nearest Department of Commerce Export Assistance Center in the United States or the Commerce Department's Trade Information Center at 1-800-USA-TRADE (1-800-872-8723) or click on <http://www.export.gov>.

Recommended business networks in Egypt include the American Chamber of Commerce in Egypt with a branch office in Alexandria and various associations of Egyptian entrepreneurs including the Egyptian Businessmen's Association, the Alexandria Business Association, the Federation of Egyptian Industries, and the Egyptian Exporters Association. There are investor committees in the large industrial cities of Tenth of Ramadan, Sixth of October, Borg El Arab, and a chamber in Ismailia promoting projects in the Sinai. Please see the [Contacts Section](#) of this guide.

## **Establishing an Office**

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As in any other country, seek early legal counsel from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the Internet from the Commercial Service website in Egypt [http://www.buyusa.gov/egypt/en/bsp.html?bsp\\_cat=80120000](http://www.buyusa.gov/egypt/en/bsp.html?bsp_cat=80120000).

Bureaucracy has flourished in Egypt since the time of the Pharaohs. A newcomer's biggest and never-ending challenge is to learn, preferably in advance, what laws affect him/her and how to cope with them. Many of the laws reflect Egypt's socialist

government of the 1950s-1970s and, if interpreted literally, do not favor private enterprise. However, newer laws and the policy of today's government favor entrepreneurship and the free market economy. Tension between political desire favoring entrepreneurs and bureaucratic reliance on old laws-on-the-books continues.

The General Authority for Investments and Free Zones (GAFI) has set up a one-stop shop for registering companies. In theory, this office is able to process all paperwork for setting up a business in Egypt and can do so in a manner of days. Companies here report, however, that the reality is that other delays often result in the process taking up to 6 months.

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Franchising has developed quite extensively in Egypt over a short time, especially in the fast-food sector. There are 40 international franchisees in Egypt at present, including 22 American food franchises, 3 non-American food franchises and 15 non-food franchisees with hundreds of individual outlets.

The Egyptian fast food market, dominated by American chains, has experienced notable expansion since it began in 1970, and market sources expect the growth to continue at an annual rate of 10-20% over the coming years. The current food franchise market size is estimated at more than \$300 million. Some of the popular chains include: Chili's, TGIF, Hard Rock Café, KFC, Little Caesars Pizza, McDonald's, Pizza Hut, and Baskin Robbins. From seven operational chains in 1993, there are now 45 American franchises either operational or with imminent plans to open.

During the 1990s, non-food sectors started to develop. Non-food franchises have a large market potential. Other American franchisors are actively planning to enter the Egyptian market, and opportunities exist for additional U.S. franchise development. A limited number of companies in the fields of hotel management, car rental, language education, health and fitness, electronics, and computer training are currently franchised in Egypt. Franchising has been proven to be a good mechanism for entrepreneurship and SMEs, and the concept has spread through numerous entrepreneur associations. However, the franchising mechanism, which was booming in the early 1990s in Egypt especially in the food sector, is now stagnate if not slowing down for various economic and socio – political reasons.

Numerous private companies are active in promoting awareness of the concept. The Egyptian Franchise Development Association (EFDA), an NGO and non-profit organization, was established to unify franchisees. EFDA represents and serves the franchise industry in Egypt to encourage and promote the concept of investment through franchising with efforts to solve common problems. In addition, EFDA is seeking to overcome the bureaucratic barriers the industry faces and cooperates on other activities of joint interest, such as training and quality control. Moreover, EFDA sponsors a local Franchise show every year in the early summer. Please contact the Commercial Service in Egypt for more details.

Egyptians have initiated franchising their own retail businesses to others, especially in the apparel industry. This trend indicates that the franchise concept is acceptable within

the Egyptian cultural setting. Most of the franchises operating in Egypt are the result of Egyptian entrepreneurs approaching foreigners, rather than the result of a marketing effort by foreign firms. While this may show an entrepreneurial spirit among Egyptian businesspersons, it also highlights an attention gap on the part of foreign business.

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Direct marketing in Egypt, such as catalog sales or television sales, tends to be problematic and is in its infancy. This is due in part to the use of credit cards or checking accounts drawn on foreign banks is not common in Egypt (although it is increasing). In addition, mailing goods into Egypt faces the risks of mail theft, loss in the airport mail warehouse, and arbitrary and high customs duties. Purchasing of goods through the Internet is limited for the same reasons, although the Egyptian Government is interested in e-commerce and has passed e-commerce legislation and an e-signature law in 2004.

## **Joint Ventures/Licensing**

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Egyptian entrepreneurs often prefer to have a foreign partner in a joint venture in Egypt. The foreigner supplies and ensures quality of the technology, as well as the cachet necessary to gain customer acceptance. Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8, the Investment Incentives and Guarantees Law, allows foreign investors to own any amount, up to 100%, in projects in most sectors.

The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Liberalized foreign exchange regulations since 1991 permit the free transfer abroad of profits and dividends. Invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI).

Technology licensing that does not involve "investment" in Egypt by the foreigner but that does involve using "process secrets" for manufacturing in Egypt must be approved by the Industrial Development Authority, affiliated to the Ministry of Industry & Foreign Trade. Approval is not required for licensing agreements involving trademarks and technical know-how other than "process secrets." A stiff withholding tax is levied on royalty payments unless a double taxation treaty exists. There is a U.S.-Egyptian treaty for the avoidance of double taxation, which limits tax on royalty payments to 15% of the gross amount of such royalty.

Numerous government and private companies have licensing agreements with foreign firms under which royalties and other fees are freely transferred abroad pursuant to individual corporate agreements. Examples of licensed production in Egypt include name-brand clothing, personal care products, kitchen utensils, pistols, laser alignment equipment, and military vehicles. Service licenses include diving training, and franchised services including personal care and restaurants.



Inadequate patent protection has been so far the biggest barrier to licensing in Egypt despite the passage of a patent law, ratified by parliament in August 2003 (see [Protecting Your Intellectual Property](#) later in this chapter).

Some U.S. investors have looked to Egypt as an investment site so as to be able to benefit from U.S. Government procurement preferences. Under the U.S. Federal Acquisition Regulations (FAR), Egypt is a "designated country" (among many others) from which certain goods theoretically could be procured by the U.S. Government as if they were made in America. However, this rule does not apply because the FAR requires such countries to sign the GATT/WTO Procurement Code, and Egypt has not done so yet.

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In selling to the Egyptian government, one will of course deal directly with the client agency. Egyptian procurement is either done with national budgetary funds, or by using aid funds from USAID, the Foreign Military Fund (FMF) or other donors.

In the case of USAID and FMF, information can be obtained on <http://www.fedbizopps.gov/>. While this site is comprehensive, it is very difficult to navigate to find specific projects in Egypt. USAID and the Office of Military Cooperation are willing to answer questions about upcoming procurements directly by contacting the US Embassy in Egypt.

Other donor-funded projects open to U.S. bidders are from the Government of Japan's United Overseas Development Assistance (ODA), which is a scheme of assistance extended by the Government of Japan to other countries, or multilateral assistance from entities such as the World Bank, African Development Bank, or Arab and Islamic development funds.

The following pertains to contracting directly with the Egyptian government. It is also relevant for donor-financed projects to the extent that Egyptian law applies to them.

### TENDERS LAW

The Tenders Law No. 89/1998 now governs GOE procurement by all civilian and military agencies ("ministries, departments, local government units, and public and general organizations") unless they are excused from this law. It has replaced the former Law 9 of 1983. The improvement is evident mainly in these areas:

- (1) No negotiation of bids after bid opening ("momarsa," in Arabic). A tender may not be transferred into a momarsa.
- (2) No cancellation of an order without reason. Moreover, rejected bids and awarded bids will contain the reasons on which the decision was based.
- (3) Bid bonds will now be refunded immediately upon expiry of validity of tender.

The law has not changed the following features:

- (1) Open competition with publication for at least 30 days;

(2) 15% price preference for Egyptian bidders. There is one exception, however. Ministry of Defense tenders are treated differently due to the Reciprocal Defense Procurement Memorandum of Understanding. This rule allows Egyptian companies to compete as U.S. companies on DOD procurements and U.S. companies to compete for MOD tenders as Egyptian companies. If a U.S. company is competing with an Egyptian company on an MOD procurement, regardless of funding source, they must be treated the same. If an Egyptian company gets a 15% price preference, so does the U.S. company. Not all DOD procurement committees are aware of this requirement. In the event of a dispute, please contact the U.S. Embassy's Office of Military Cooperation to inform them of MOD non-compliance with this provision of the Memorandum of Understanding;

(3) A two-phase decision-making process: a bid opening committee that convenes a public session to which all bidders are invited and bid prices are read aloud; and a decision-making (settlement) committee that reviews the technical bids and either makes a decision or, if the value is over \$50,000, recommends a decision to the minister concerned;

(4) Bid bonds of one or two (generally two) percent and a performance bond by the winning firm of (generally) 5%. Preference is given to Egyptian public sector companies and Egyptian cooperatives, both of which are exempted from the bonding requirements, provided they do the work themselves and do not request an advance payment;

(5) Fraud, bribery ("either personally or through a third party, directly or indirectly"), or bankruptcy by the contracting party annuls the contract and allows any outstanding bid or performance bond to be confiscated;

(6) Sole-source decisions are permitted in special instances: monopoly sources of supply; goods whose import is monopolized; specialized products or services; and goods and services needed urgently;

(7) Advance payments are permitted, against a letter of guarantee. U.S. standby letters of credit (which can be insured for political risk by the U.S. Overseas Private Investment Corp.) are acceptable in Egypt.

#### Practical Problems of the Tenders Law

There is no time limit for the decision-making committees to meet, make, or announce their decision. If a bidder withdraws its bid prior to bid opening, it forfeits the bid bond. Bidders often are "held hostage" to a government agency that stalls the bid opening for varied reasons, including running out of funds for the project. Costs of extending bid bonds are borne by the bidders. If a winning firm withdraws from a project before beginning or completing a project, its performance bond similarly will be confiscated. This has happened when a client has delayed start-up because of budget shortfalls, expecting the contractor/supplier to carry the burden of maintaining the performance bond.

Government agencies often delay giving the "final acceptance" of goods or works projects. This holds up final payment and final retirement of the performance bond. There are no time limits for making payment from the date of acceptance of a bid, nor

any provision for implied or automatic acceptance of a supplied good or service. The client must explicitly acknowledge "final acceptance" before the contractor can receive final payment and retire the performance bond.

If award decisions are delayed beyond the validity date specified by a bidder, extra costs incurred by the delay cannot routinely be passed on. If the client adds new requirements to an ongoing contract, any extra monies requested by the supplier/contractor must be endorsed by a special "price study committee" which sometimes takes years to approve them. In the meantime, of course, the supplier/contractor is expected to fulfill the revised contract without delay or complaint.

The Tenders Law makes no reference to dispute resolution, which therefore must be negotiated prior to contract signing. Arbitration in Egypt or abroad (the latter can include foreign law and foreign arbitral procedures) is preferred to the court system, although enforcement of arbitral awards is not assured because the losing party can appeal Egyptian or foreign arbitral decisions in Egyptian courts. If no specific dispute settlement procedure is mentioned, any future dispute with a government party will go to the government's Council of State. This is a government agency that both reviews the constitutionality of proposed laws and regulations and functions as a court for all non-criminal matters to which the government is a party. If the government party does not honor an arbitration decision, the tenders law does not permit the winning party to use the arbitration settlement documents to settle claims with other government entities (customs, tax, social insurance, etc.).

There is no provision allowing the supplier to delay work if payments are delayed. There is no provision to reduce the performance bond progressively according to the rate of completion of the work.

For Letters of Credit/Guarantee offered as a performance bond, it is advisable to have separate L/Cs for each procured commodity or distinct order, to avoid blocking the whole in case of dispute over one item.

The Tenders Law has increased the ceiling on direct orders to LE 50,000 (approximately \$8,600).

In the Tenders Law, tenders and bids are not to be transformed into "momarsa" unless otherwise explicitly mentioned in the tender advertisement. Maintenance and after-sales technical service is to be given significant consideration in deciding and evaluating offers. The job is to be given to the lowest bidder only if the requirements for technical and maintenance support are fulfilled.

Amendments to Dispute Settlement Law 27 of 1994 regarding contracts between public enterprises and private (domestic and international) sector suppliers allow both parties to agree to appoint any accepted legal body. In the past, the only body overseeing disputes with public enterprises was the State Council, which was taking years in some cases to settle disputes. Parliament approved these amendments in May 1997.

The new laws correct some of the most serious flaws in Egypt's current government procurement procedures. Egypt is also now playing a positive role in international discussions of procurement practices, including those of the World Trade Organization. You may also engage the staff of the Commercial Service in Egypt, as well as the

[Advocacy Center](#) at the US Department of Commerce in Washington, DC to advocate on your behalf for projects and in disputes. Please note that if you have retained legal counsel and began legal proceedings, the US Government cannot interfere.

#### Other Practical Considerations in Selling to the Government

Poorly written specifications may force bidders to guess what the customer wants. U.S. firms must stay in close touch with client agencies to minimize doubts and uncertainties. Do not assume the "best" is desired, since superior features may not be understood or the price may be too high. The law is silent about who writes tender specifications and neither encourages nor discourages hiring of consultants to do so. Foreign firms that are trusted by government officials often voluntarily propose tender specifications to prospective bidders, which gives them a chance to write the specifications. In the decision-making committee, the technical representative (typically an engineer) must concur in the award decision. Such persons have much influence.

Government entities expect performance bonds to cover the full warranty period for the product or work in question, and drawdowns proportional to work completed are not usual. U.S. suppliers, by contrast, generally want performance bonds limited to safe delivery and/or set-up. Therein lies grounds for much misunderstanding and complaints over alleged delays in releasing performance bonds.

Influence peddling in procurement decisions is a much-discussed phenomenon. What is certain is that decision-makers must feel comfortable with a supplier. They will not select a low-bidder unknown to them. Personal friendships and frequent visits to decision-makers by foreign principals and their local representatives are important marketing factors. While "sweetheart deals" are known to take place, many Egyptian sources affirm that the majority of decisions are openly competitive and straightforward. While the decision-making process may seem opaque, details of bids are readily obtainable through informal channels.

#### **Distribution and Sales Channels**

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Foreign firms can sell directly within Egypt if they are registered to make direct sales. Many do so as part of a manufacturing or assembly operation in Egypt. A few foreign firms use free zones or bonded warehouses to store goods and hire their own employees to sell door-to-door consumer goods, such as vacuum cleaners.

Most foreign firms, however, rely on Egyptian companies for wholesale and retail distribution, ensuring their effectiveness through staff training programs in Egypt and abroad, supplying short-term home office personnel to work with the Egyptian firm in Egypt, and making regular visits by marketing and technical support staff. Although the concept of "marketing", as compared to simply selling, or waiting for the customer to find and come to you, is new to Egypt and weakly practiced, there are a growing number of good Egyptian firms who know what they are doing and how to market the products in which they specialize.

Egyptian commercial agents are required for foreign firms to bid on most civilian government tenders. By contrast, commercial agents cannot be used to bid on military

tenders, although use of Egyptian "consultants" may be allowed if the arrangement is properly structured. Commercial agents are optional when bidding on tenders issued by the petroleum companies, when selling to the private sector, or when selling under USAID-financed programs.

There are many choices for distributors, dealers, and agents in Egypt. There are a few firms with modern management, including "profit center" staff responsible for success in specialized departments. There are more traditional "general trader" type companies, some of which have developed a certain specialization (e.g., lumber, building products, canned goods, fresh and frozen meats), and some of which handle "everything." Also, there are smaller firms specializing in only a few product lines or only a handful of foreign suppliers.

According to Egyptian Customs authorities and the Ministry of Public Enterprises, in **2004** (the latest statistics available) Egypt had **5,400** registered importers, **9,400** exporters, **4,100** commercial agents representing **105,400** foreign firms, and **3,300** factories licensed to import components. Most of these firms are privately owned, but the government sector includes some 279 separate companies affiliated with 16 holding companies; nearly 30 military factories that also make civilian products; and 1,500 companies owned by one of the 26 provincial authorities (governorates).

Many retailers of consumer goods tend to import their own needs directly rather than pay high markups to wholesalers - sometimes a suitcase or trunk load at a time. A corollary is that many Egyptians prefer getting quotes directly from the overseas supplier rather than from the local agent on the theory that the price will be better. This habit suggests that U.S. principals be sensitive to the role and presumed cost of their Egyptian agents. One way to strengthen that role is to refer customer inquiries back to the Egyptian agent or to a regional representative outside Egypt.

Only registered commercial agents can work on government tenders. Often such persons have retired from the government agency to which they are now specialized in selling. This system is especially common among persons selling to the military, security, and police agencies. In the extreme, some of these people literally operate out of their homes and have neither office nor staff, but they can be effective.

In Egypt, as elsewhere, the artistry of appointing a representative requires a blend of many concerns and decisions. Will your product line be prominently featured by the prospective agent, or will it just be added to a dusty shelf along with many other product lines? Is his influence with government decision-makers generational and therefore subject to decline as the years pass? Does he have children or trusted staff being groomed for responsibility?

Egyptian law requires that all commercial agents and importers have Egyptian nationality. If it is a company, the chairman and all members of the board must be Egyptian, and it must be 100% Egyptian-owned. Agents also must have resided continuously in Egypt for at least five years with specified exceptions for expatriate Egyptians having an overseas work permit; be certified by a local chamber of commerce or professional association; not be a civil servant or worker in a public sector company (i.e., not moonlighting), nor a member of the People's Assembly; not be a "first grade relative" (i.e., a member of the immediate family, or uncle, aunt, niece, or nephew) of a civil servant of the rank of Director General or higher or of a member of the People's

Assembly. This prohibition against agents with family members in government is rarely enforced. Public sector firms can be agents, as can private firms and individuals. Distributor-type companies with any foreign ownership can market goods, including imported goods, in the following circumstances (although they cannot handle the import operation, per se):

(1) General Partnership Companies, or Limited Partnership Companies: In these types of companies, there may be a foreign partner, provided that the Egyptian partner(s) have at least 51% of the capital and the general manager or head of the company is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100% Egyptian owned and managed.

(2) Limited Liability Company: A foreign partner in this type of distributorship company faces no limit on the percentage of ownership, provided that at least one manager of the company is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders or partners, and the capital of the company is not less than LE 50,000 (approximately \$8,600). A distributorship company of this type also cannot be an "importer", nor act as commercial agent.

(3) Joint Stock Company: Provided that at least 49% of the shares are offered to Egyptians upon formation, foreign shareholders ultimately can own up to 100% of the company, provided that a majority of the board of directors are Egyptians, the capital of the company is not less than LE 250,000, and there are at least three shareholders. Again, a distributorship company of this type may not import or act as a commercial agent unless it is 100% Egyptian owned and managed.

Foreign firms which form a distributorship as mentioned above often permit the Egyptian partners to form a separate company to act as "importer" or agent. The latter delivers the goods to the distributorship company for marketing within Egypt.

Products enter Egypt through the main ports of Alexandria, Dekheila, Damietta, Port-Said, and the recently inaugurated port of Ain Sokhna. Goods are then cleared by the importer or end-user and are stored in the main distribution centers located in Alexandria and Cairo. From there, well-organized distribution companies with networks covering the entire country will distribute to wholesalers, and retailers.

## **Selling Factors/Techniques**

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Egyptians with whom an American will deal in business are often trilingual (English-French-Arabic), well-traveled individuals who pride themselves on ferreting out good deals at decent prices. Mid-level government officials with whom a foreigner may deal may be less sophisticated and less well traveled, but no less able to negotiate.

Cairo is the cultural capital of the Arab world. Thousands of affluent Arab tourists and investors travel to Cairo often throughout the year, enjoying the cinema, theater, television, live performances, and relaxed lifestyle not generally available in some other Middle East countries. Many of these persons have second or vacation homes and apartments in Egypt, as well as factories and real estate investments. Foreign suppliers/marketers are beginning to take advantage of Egypt as a locale from which to

market to its audience of wealthy Arab visitors.

Some 18 million of the estimated **75** million Egyptians live in the greater Cairo metropolitan area. Seven million live in Alexandria permanently, and its population increases by 50% in the summer as vacationers flood in. Numerous important secondary cities offer market opportunities for agricultural, industrial, and consumer goods in the Delta (Tanta, Damietta, Mansoura, Mehalla el Kubra, Damanshour, Benha, Zagazig); along the Suez Canal (Port Said, Ismailia, and Suez); and along the Nile south to Upper Egypt (Assiut, Minia, Sohag, Qena, Luxor, Aswan).

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain unspoken Egyptian cultural requirements. One is that there is no final best price that cannot be reduced further by negotiating. A corollary is that only a neophyte would offer one's best price, or anything close to it, early in negotiations. Government employees are judged on their ability to squeeze the final penny from the lowest bidder. This happens repeatedly, at every level of decision-making, and is the Egyptian version of the "Dutch auction", called in Arabic "momarsa". Momarsas have been popular because they give Egyptian officials the appearance of trying to get the best deal for Egypt, and they reduce charges of cronyism.

Momarsas, however, are viewed by companies subjected to them as potentially unfair, without clear rules or procedures, and a violation of Tenders Law No. 8's mandate to negotiate with the lowest qualified bidder only. The U.S. Embassy and some business groups, including the U.S.-Egypt Business Council, have urged the government to ban "momarsas." A recent positive development is that the practice of "momarsas" has now been prohibited in the new tenders law (Law 8 of 1998), approved in May 8, 1998, and enacted, effective June 9, 1998 (see [Pricing](#), later in this chapter).

A marketing problem in Cairo is that it is often difficult to establish who offers what for sale and where to find them. The city is splayed across the Nile about 15 kilometers (9 miles) in diameter, with several distinct marketing districts that are an hour apart in normally heavy traffic. Yellow pages and the like are not available to the average consumer. As a result people may only find a product they want by attending a trade show or fair, as it is too hard to find the single or handful of outlets maintained by official agents, distributors and dealers. A growing number of trade directories and commercial directories (including "Kompass - Egypt") have eased the problem of identifying existing companies (<http://www1.kompass.com/kinl/static/en/index.htm>).

## **E- Business**

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The issuance of Law 15/2004 regulating the use of E-signature and announcing the establishment of the Information Technology Industry Development Agency (ITIDA), was a major important step toward the development of E-business. ITIDA is a government entity with the objective of paving the way for the diffusion of the e-government and e-business services in Egypt.

The Ministry of State for Administrative Development's role is another entity that boosts E-government services. Its role is to set cooperation dynamics with other ministries and

governmental agencies. The aim is to develop and re-engineer the governmental services, and to automate their office (paper) work cycles. Additionally, the Ministry's role is also to make governmental services available through the Internet, telephone services (fixed & mobile lines) and service centers. The Ministry has launching on the Internet the Government Portal to provide online 23 services (such as driving licenses, birth certificates, etc...) to reach a total of 29 services. Telecom Egypt (TE), the incumbent operator, was the first public-owned entity that made online billing system available for its clients.

**E-Business websites:**

<http://www.otlobward.com/>  
<http://www.otlob.com/>  
<http://www.agrifoodegypt.com/>  
<http://www.motoregypt.com/>

**Telecom Egypt:**

<http://www.telecomegypt.com.eg/>

**Real Estate Website:**

<http://www.realestateegypt.com/>  
<http://www.egypthome.com/>  
<http://www.betna.com/coldwellbanker/nu/eng/index.asp>  
<http://www.e-dar.com/>  
<http://www.eltamir.com/>

**Government Websites:**

<http://www.itida.gov.eg/>  
<http://www.egypt.gov.eg/english>  
<http://www.alhokoma.gov.eg>

**Trade Promotion and Advertising**

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Strategically placed newspaper and magazine ads can produce good results. Egyptians read newspapers voraciously, and all literate people will see or hear about advertisements placed in the widely circulating Al Ahram daily (<http://www.ahram.org.eg>). Television is watched by all Egyptians, and advertisements reach and influence wide audiences. TV advertising has continued to increase in sophistication and prominence. The emergence of three privately owned television stations has created a new forum for advertisements in addition to the advancements on the public stations. Advertising agencies have begun to host entire programs, focusing on celebrity appearances for marketing purposes. While these programs had traditionally been shown only during Ramadan, they have recently begun to air year-round. Two partially privatized pop radio stations have also been created and already have captured a large part of the youth market. Now stations broadcast with advertisements. Radio Cairo and three stations are allowed to air advertisements and, in the month of Ramadan, rates increase tremendously.



Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, "junk mail" advertisements, faxed advertisements, and messenger/courier-delivered direct mail campaigns. Flyers/stickers plaster Cairo's walls and lampposts just as in the United States. Street peddlers and hawkers shout the praises and prices of consumer products they offer for sale.

Trade promotion is becoming more sophisticated. Trade shows are frequent, aimed either at targeted business audiences or the general public; several take place each month at one or more of the downtown hotels or the Cairo International Conference Center (CICC). Most of these shows consist exclusively of Egyptian distributors/dealers/agents of foreign suppliers, or local manufacturers - not because they purposely exclude foreigners but because of poor marketing and last-minute preparations.

The annual Cairo International Trade Fair, held in the spring of every year, is the historical centerpiece of Egyptian trade promotion events. It has evolved from its beginnings as a "required" government annual event to today's version of a county fair aimed at consumer purchasers. U.S. firms offering consumer products as diverse as office and business equipment, telephone credit cards, courier services, saunas and swimming pools, satellite dishes, educational toys, car care products, lawn furniture, recreational equipment, mobile phones, and satellite telecommunications have found success at this consumer extravaganza. (<http://www.cairofair.com/Front/main.asp>)

## SELECTED MEDIA LIST

### DAILY NEWSPAPERS

Al Ahram: (circulation 750,000 Sunday - Thursday, 1,000,000 Friday)  
---Egypt's most prestigious daily and most prosperous of the country's five largest publishing houses. In addition to publishing, the company has interests in many business services including computerization, billing services, and ID card services.

Al Akhbar: (circulation 750,000)  
---More informal news (crime, human interest) than Al Ahram. Simpler language. Harshly antagonistic toward U.S. policies.

Al Gomhouriya: (circulation 350,000)  
--- Less influential news coverage but with more local and sports news than other dailies.

Al Wafd: (circulation 120,000 - 180,000)  
---Mouthpiece of the New Wafd Opposition Party. Leading opposition paper, but much smaller and limited in coverage and scope than the major pro-Government dailies above.

Egyptian Gazette: (circulation 20,000)  
---The English-language daily. Part of the Gomhouriya publishing house. Caters almost exclusively to foreigners living in Egypt and tourists.

### WEEKLY NEWSPAPERS AND MAGAZINES

Akhbar al Yom newspaper: (circulation 1,200,000 - 1 million)

---Saturday edition of Al Akhbar with many special interest sections, particularly women's and sports.

Akher Saa magazine: (circulation 50,000)

---Current events, sports, economics, history, arts, cinema, theater.

Rose al Youssef: (circulation 50,000)

---Political magazine with human interest stories.

Al Ahram Weekly: (circulation 20,000)

---English-language weekly newspaper from the Al Ahram publishing house. Read by foreigners and the Egyptian elite.

Al Ahram Hebdo: (circulation 15,000)

---French-language weekly from the Al Ahram publishing house.

Al Ahram Al Arabi: (circulation 80,000)

---General interest news magazine from the Al Ahram publishing House.

Al Mussawar: (circulation 50,000)

---Launched in 1924, one of Egypt's oldest publications. Well respected news coverage and political and social commentary.

October: (circulation 30,000)

---Popular general interest magazine.

Sabah El Kheir: (circulation 20,000)

---Youth-oriented magazine from Rose al Youssef.

Nosf al Donia weekly magazine: (circulation 50,000)

---Women's issues.

Hawa'a weekly magazine: (circulation 30,000)

---Egypt's original women's magazine, first published in 1892.

Al Kawakeb: (circulation 30,000)

---Egypt's cultural magazine, specializing in cinema, theater, radio and television.

## ECONOMIC PUBLICATIONS

Al Ahram Al Iktisadi weekly magazine: (circulation 20,000)

---Egypt's leading economic magazine, modeled after the British "Economist", is read by academics and government economic officials and has numerous readers outside Egypt.

Al Alam Al Yom daily newspaper: (circulation 10,000 in Egypt, 50,000 in Saudi Arabia).

---Economic, commercial and Arab affairs.

Business Monthly: (circulation 5,400)

---English-language magazine published by American Chamber of Commerce in Egypt.

Egypt Today and Business Today: (circulation 17,000)

---Glossy English-language magazines related to social/business life in Egypt published by International Business Associates.

Middle East Times: (circulation 4,400)

---English language weekly, part of the Washington Times group, edited in Cyprus and printed in Athens.

## **Pricing**

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Egypt traditionally is a price-sensitive market, where quality often takes second place to cost. This mentality is slowly changing. One important example of that change is a tender law (Law 89 of 1998) which requires compliance with terms, conditions and specifications of the tender, as well as a comparative consideration of technical and financial aspects in arriving at an award decision. Prior to the law, however, government tender rules had essentially required that the low bid win, regardless of quality. American firms sometimes had not understood this aspect of bidding and would mistakenly quote "better value" than was required by tender specifications. This approach was ineffective and generally produced losing bids. Many companies would bid strictly to the specifications, then, as an alternative, would provide a second, optional, value-based bid.

In the tender process, specifications are often unclear and poorly written, which allows for a wide divergence in interpretation by bidders as to just what the tender requires. Elaborate bid proposals often fail, passed over for cheaper, practical alternatives. U.S. firms that succeed in Egypt tailor their products to customers' specific needs.

Exceptions to the generalization that "price sells" are sales financed by USAID and other foreign/international donors such as the African Development Bank. When funds are provided by these donors, Egyptian decision-makers can afford (and the foreign donors often require) quality, efficiency, and endurance considerations to weigh heavily in buying decisions. Another exception is consumer goods: people will pay for quality if they perceive it. However, the same affluent Egyptians who may buy a Mercedes car will tend to outfit their new factories with used equipment if they can cheaply transport a "complete" factory from abroad.

Most products and services are levied a 10% sales tax, however this may increase to 40% for luxury items such as cars exceeding 2000 cc.

## **Sales Service/Customer Support**

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U.S. sellers should aim to create and support a sales/service network in Egypt by training their distributors and dealers. Firms that sell directly to government agencies need to do the same thing - ensure training of the workforce using the product or it will fail through ignorance of proper maintenance and the foreign supplier will be blamed for poor quality. Total Quality Management (TQM) interest has skyrocketed among

producers in recent years with a number of them now working toward ISO 9000 certification.

## **Protecting Your Intellectual Property**

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Egypt is a signatory to the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the Bern Copyright Convention, the Paris Patent Convention, the Paris Convention for Protection of Industrial Property of 1883, the Madrid Convention of 1954, and the Nice Convention for the classification of goods and services.

In recent years, Egypt has made some progress in strengthening its IPR regime through improvements in its domestic legal framework and enforcement capabilities. In May 2002, Egypt enacted a new comprehensive IPR law (Law 82 of 2002) that met certain key TRIPS requirements, including providing data exclusivity and exclusive marketing rights and enacting a patent mailbox. The law also addressed IPR protection in areas such as patents, copyrights (with enhanced protection for sound and motion-picture recordings and computer software), trademarks, plant varieties, industrial design, and semiconductor chip layout design.

Although the law has certain shortcomings, its passage demonstrated a marked improvement in the major facets of Egypt's IPR regime. In July 2003, implementing regulations for the patent, trademark, and botanical variety provisions of the law were issued. Egypt also ratified the WIPO Patent Cooperation Treaty in 2003.

From April 2001 until December 2003, the Government of Egypt did not approve any generic copies of internationally protected pharmaceuticals. Since then, however, the Minister of Health has approved local copies of pharmaceuticals, in violation of Egypt's data protection obligations. The data protection problem appeared to worsen in late 2004 when the Egyptian Ministry of Health apparently embarked on the approval of a significant number of copies of pharmaceutical products for marketing in Egypt. As a result, the office of the United States Trade Representative (USTR) in 2004 elevated Egypt from the "Watch List" to the "Priority Watch List" (where it had been until 2003) during its annual "Special 301" IPR review. The Embassy has been alerted of recent cases which confirm that the problem continues in 2006.

In November the Ministry of Health announced it will create a fund to stabilize prices of local pharmaceutical products. Some reports indicate the fund will mainly support local companies' research and development efforts. Details about the fund's operations are not available.

A modern, computerized Egyptian Patent Office operating under the authority of the Ministry of Higher Education and State for Scientific Research now is capable of processing patent applications and granting patent protection. This office has significantly improved the quality and transparency of Egypt's trademark and industrial design registration system. In preparation for the new WTO patent regime, in effect as of January 1, 2005, the Ministry began hiring new technical examination staff in 2003.

Major U.S. software and computer companies operating in Egypt report a piracy rate in business software under 50 percent and improved enforcement beginning in 2004. False licensing, where a local unauthorized distributor receives and is permitted to rely upon Ministry of Culture approval to distribute pirated software, music, and films,

remains a problem and undermines copyright protection in Egypt. The Egyptian government, however, took steps to revoke such approvals for well-known pirates.

The following paragraphs summarize the law's provisions on different types of IPR:

**Patents:** The law increases the protection period for a patent term to 20 years, and for pharmaceuticals includes provisions on data exclusivity and exclusive marketing rights which had been adopted by Prime Ministerial decree in 2000. Egypt has elected to be treated as a Developing Country for pharmaceuticals and chemicals under the TRIPS Agreement. As of January 1, 2005, Egypt has been required to be in full compliance with its TRIPS patent obligations. Although Egypt's patent law is in effect, there are some 4,000 patents in its "mailbox," which its patent authorities have just begun to review.

**Copyrights:** The new law offers copyright protection to artistic and literary works, computer programs, and audio-visual works. Books and computer programs are provided protection for the author's lifetime plus 50-70 years. Sound recordings are granted 50 years protection from the recording date. The specified penalty for copyright violations is a fine of LE 5,000-10,000 per infringement or a prison term of not less than one month, or both. The implementing regulations for copyrights have not yet been issued.

**Trademarks:** The new IPR law offers trademark protection of ten years, in accordance with the Trademark Law Treaty. Penalties have increased to a maximum of 20,000 Egyptian pounds or an imprisonment of not less than two months, or both.

**Semiconductor Chip Layout Design:** The new law incorporates a chapter for protecting semiconductor chip layout design. Previously there was no legislation protecting semiconductor chip layout design, although Egypt had signed the Washington Semiconductor Convention.

In recent years the United States has provided significant assistance through USAID-funded projects to Egypt in order to establish and strengthen the Government of Egypt's IPR-related institutions. A modern computerized Patent Office is now capable of processing and ensuring the protection of patent applications, and the quality and transparency of the trademark and industrial design registration system has been significantly improved. The Government of Egypt has also taken steps to ensure the authorized use of legitimate business software by civilian government departments. In June 2003, Egypt's Commercial Computer Software Producers Union and the Business Software Alliance, an international NGO, announced that business-software piracy in Egypt fell to 52 percent in 2002, from 58 percent a year earlier, with total losses equal to \$15.5 million.

Although progress has been made, further steps must be taken to strengthen protection of copyrighted material and confidential test data. High copyright-piracy levels continue to affect many categories of intellectual property, particularly book publishing, entertainment software, music recordings, and motion pictures. Infringement of trademark, textile design and industrial designs also remains problematic.

For more information, please see [Egypt's Intellectual Property Unit](#).

## Due Diligence

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Due diligence is part of the array of services the Commercial Service provides for the benefit of U.S. business. It is recommended that U.S. firms avail themselves of the International Company Profile (ICP) before signing an agency agreement with a local concern, choosing a local partner to bid jointly on a major project, or doing business for the first time with a local concern. ICPs are prepared at the request of U.S. firms and provide financial and background data on Egyptian concerns. U.S. firms can request an ICP through their local U.S. Export Assistance Centers.

## Local Professional Services

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The main links associated with local service providers and professional associations are:  
U.S. Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/bsp.html>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>

## Web Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Kompass Company Search: <http://www1.kompass.com/kinl/index.php>

Egypt's Intellectual Property Unit: <http://www.mitd.gov.eg/IP/index.htm>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

### **Commercial Sectors**

- [Telecommunications Equipment and Services \(TEL\)](#)
- [Environmental Equipment and Services \(POL\)](#)
- [Oil and Gas Field Machinery Services \(OGM\)](#)
- [Automotive Aftermarket Products and Services \(APS\)](#)
- [Information Technology \(IT\)](#)
- [Packaging Equipment \(FPP\)](#)
- [Port Development Services \(ACE\)](#)
- [Electricity and Power Generation \(ELP\)](#)
- [Medical Equipment \(MED\)](#)
- [Hotel and Restaurant Equipment \(HTL\)](#)
- [Food Processing Equipment \(FPP\)](#)
- [Petrochemical Industry \(ICH\)](#)
- [Educational Training & Equipment \(EDS\)](#)
- [Biotechnology Laboratories \(BTC\)](#)

## Telecommunication Equipment and Services (TEL)

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	3,000	3,360	4,320
Total Local Production	600	720	864
Total Exports	300	330	363
Total Imports	2,400	2,880	3,456
Imports from the U.S.	1,200	1,440	1,728

(Exchange rate used: 1 USD = LE 5.7. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates in millions.)

The Egyptian telecommunication sector is one of the most developed in the Middle East/North Africa region. It has been going through major reform starting in 1998 when the National Telecommunication Regulatory Authority (TRA) was established and is acting as the governmental regulatory arm for this sector. Telecom Egypt (TE) is the incumbent operator with monopoly on fixed lines. In early December, TE announced an initial public offering (IPO) of 20% of its stake in the Cairo Alexandria Stock Exchange, in addition to a GDR in London stock market. The telecommunication market will be deregulated by the end of 2005, when TE's monopoly will discontinue, giving the chance to new entrants. Two private sector companies (MobiNil and Vodafone) provide services for the country's GSM 900 cellular telephone system. Request for proposals for a third mobile network using CDMA, or 3G technologies will be announced in early 2006.

### Best Products/Services

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- Wireless Networks and Solutions
- Wi-Fi
- Wi-Max
- Voice Over Internet Protocol (VoIP)
- CDMA
- DSL
- GSM Solutions and Applications
- Call Centers
- Fiber Optic Cables
- Billing Solutions
- Triple Play

### Opportunities

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The Egyptian market is growing for the full range of telecommunication equipment and components comprising of copper and fiber optic cables, central office switches, cellular stations, data communications satellite, and microwave communication equipment. As



the TE's monopoly of fixed lines will end by 2005, new entrants will find business opportunities in wireless technologies, 3 G, Wi-fi, Wi-Max, VoIP, CDMA, GSM solutions and applications. Wireless technologies are slowly spreading around Cairo with hotspots installed in a number of hotels, coffee shops and restaurants. The NTRA allowed domestic VoIP, and request for proposals for two international VoIP licenses is to be announced soon.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of Communications and Information Technology: <http://www.mcit.gov.eg/>

Telecom Egypt: <http://www.telecomegypt.com.eg/home-en.asp>

National Telecommunication Regulatory Authority: [www.ntra.gov.eg](http://www.ntra.gov.eg)

<http://www.tra.gov.eg/english/Main.asp>

MobiNil: <http://www.mobinil.com>

Vodafone: <http://www.vodafone.com/>

Contact for the Commercial Specialist in charge of the Telecommunication Sector:  
Hend El-Sineity, [hend.el-sineity@mail.doc.gov](mailto:hend.el-sineity@mail.doc.gov)

## Environmental Equipment & Services (POL)

### Overview

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	2002	2003	2004 (estimated)
Total Market Size	1,141	1,255	1,757
Total Local Production	109	120	168
Total Exports	0	0	0
Total Imports	1,032	1,135	1,589
Imports from the U.S.	413	454	635

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

U.S. export opportunities to Egypt's environmental equipment and services market are substantial and cut across the entire spectrum of environment-related activities and needs. The growth rate for this industry is estimated at 40%. The U.S. import share in the market is estimated at approximately 40%. The Egyptian government anticipates spending more than USD 2.6 billion to implement it's environmental plan through the year 2007, in addition to USD 1.3 billion spent by the private sector annually. This increase is mainly due to increased compliance with environmental legislation, as well as BOT environmental projects, mainly in the field of water and wastewater management, solid waste management, renewable energies, and air pollution. Egypt suffers from a

number of serious environmental problems, including the fields of air pollution, water quality, land management, waste, and preservation of biological diversity.

### Best Products/Services

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- Solid Waste Management Equipment and Operation
- Incinerators
- Industrial Filters
- Landfills
- Equipment for Recycling Plants
- Kits For Converting Motor Vehicles to Use Natural Gas
- Filters to Reduce Particle Emissions from Cement Factory Smokestacks
- Equipment and Filters to Reduce the Pollution Coming from Power Plants
- Sanitary Wastewater Projects
- Composting Programs
- Water and Sludge Treatment Projects, Filters and Services

### Opportunities

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The environmental market is considered new and hence the market is open for opportunities and welcomes new environmental solutions. The Egyptian Ministry of State for Environmental Affairs has been taking serious, and increasingly successful, steps to stop all types of pollution from industrial sources into the environment, but it is still considered in its embryonic stage and hence opportunities are numerous.

### Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of State for Environmental Affairs: [www.eeaa.gov.eg](http://www.eeaa.gov.eg)

Contact for the Commercial Assistant in charge of the Environmental Sector:

Rania Mekhail, [Rania.Mekhail@mail.doc.gov](mailto:Rania.Mekhail@mail.doc.gov)

## Oil and Gas Field Machinery and Services (OGM)

### Overview

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	2003	2004	2005 (estimate)
Total Market Size	1,335	1,436	1,695
Total Local Production	45	45	45
Total Exports	8	8	8
Total Imports	1,291	1,391	1,650
Imports from the U.S.	326	371	400

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates)

The oil and gas sector is believed to be the largest foreign currency generator in Egypt. The sector has created a sizable market for Oil & Gas field machinery and services, estimated above \$1.5 billion. The Egyptian authorities are facilitating the presence of international joint venture companies for oil and gas exploration and production.

During the last five years, Egypt was able to identify more than 150 oil and gas discoveries across the country, attracting major international oil and gas companies to the local market. With steadily rising domestic consumption, numerous opportunities arise in the local market for oil.

### **Best Products/Services**

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- Hi-tech Test and Measuring Equipment
- Liquefied Natural Gas (LNG) Related Technology
- Compressed Natural Gas (CNG) Technology and Peripherals
- Tubes and Tubing Accessories

### **Opportunities**

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The Egyptian Authorities are currently focusing on the oil and gas industry. Accordingly, many news initiatives and expansions are taking place such as:

- Natural Gas Liquefied (NGL) project.
- Delayed Cocker project
- Gas to Liquid (GTL) projects
- Liquefying and Exportation of Natural Gas (LNG) project

### **Resources**

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

The Egyptian Ministry of Petroleum: <http://www.emp.gov.eg/>

The Egyptian General Petroleum Corporation (EGPC): <http://www.egpc.com.eg/>

Contact for the Commercial Specialist in charge of the Oil and Gas Sector:  
Essam Tabarak, [essam.tabarak@mail.doc.gov](mailto:essam.tabarak@mail.doc.gov)

### **Automotive Aftermarket Products and Service (APS)**

## Overview

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	2003	2004	2005 (estimate)
Total Market Size	1,067	1,310	1,395
Total Local Production	185	209	220
Total Exports	-	-	-
Total Imports	881	1,101	1,175
Imports from the U.S.	139	175	200

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Currently, the roads of Egypt are occupied with 4 million vehicles with an expected lifetime of more than 10 years. This long ownership results in a deteriorating general vehicle condition and lends to an increase in the need for aftermarket products and services.

## Best Prospects/Services

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- Modern Garage Equipment
- Performance Accessories
- Service Equipment
- Comfort & Entertainment Accessories
- Tires & Wheels

## Opportunities

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The Egyptian authorities are currently taking aggressive steps to meet international challenges and nurture a local market that has faced many difficulties. As one example, customs duties on car parts and accessories were lowered to a minimum of 10% in many cases.

As a result of these changes, industry specialists and major players are expecting this industry to flourish in the coming years.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

The Egyptian Auto-feeders Union: <http://www.eafa-egypt.com/home.asp>

Egypt's Official Automotive Portal: <http://www.motoregypt.com/>

Contact for the Commercial Specialist in charge of the Automotive Aftermarket Sector:  
Essam Tabarak, [essam.tabarak@mail.doc.gov](mailto:essam.tabarak@mail.doc.gov)

## Information Technology (IT)

### Overview

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	2004	2005	2006 (Estimated)
Total Market Size	1,8	1,98	2,176
Total Local Production	0,6	0,66	0,726
Total Exports	250	275	303
Total Imports	1,2	1,32	1,45
Imports from the U.S.	0,6	0,66	0.725

(Exchange rate used: 1 USD = LE 5.7. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The information technology (IT) market has grown rapidly in the last few years. The formation of a dynamic and ambitious Ministry of Communications and Information Technology (MCIT) in 1999 has been a key player in the advancement of the ICT sector. The IT sector is growing at over 10% annually. As a signatory of the WTO Information Technology Agreement, Egypt eliminated customs duties on information technology products. The government of Egypt is implementing many initiatives to raise IT awareness and increase the use of computers among the population. The Ministry of Education implemented the "Computer for Each Student" initiative, and MCIT introduced the "PC for Each Home" project that gives landline subscribers the right to purchase a PC and pay for it on an installment basis via their telephone bill. On the legislative front, new IT related laws have been issued such as the Intellectual Property Right, the Unified Telecommunication Law, and E-signature law. The Smart Village project is a state-of-the-art high-tech park. Many multinationals such as Microsoft, Alcatel, and more are having offices in the Smart Village.

### Best Products/Services

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- Call Centers
- PC Components and Accessories
- Software Development and Arabization
- HR professional training

### Opportunities

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- Software Offshore Development Centers
- E-Payment services
- Egypt Post Outlets Franchising
- Call centers

### Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>  
USAID: <http://www.usaid-eg.org/>  
World Bank: <http://www.worldbank.org/>  
American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>  
Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>  
Ministry of Communications and Information Technology: <http://www.mcit.gov.eg/>  
Smart Village: <http://smart-villages.com>  
CIT Egypt: <http://www.citegypt.com/>  
Business Software Alliance: <http://www.bsa.org/>  
Ideal Software and Systems: <http://www.serafa.net/>  
Egyptian HighTech Association: <http://eitesal.com>  
General Dynamics: <http://www.gd-ns-ict.com>

Contact for the Commercial Specialist in charge of the Information Technology Sector:  
Hend El-Sineity, [hend.el-sineity@mail.doc.gov](mailto:hend.el-sineity@mail.doc.gov)

## Packaging Equipment (FPP)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	694	763	763
Total Local Production	68	75	75
Total Exports	0	0	0
Total Imports	626	688	688
Imports from the U.S.	31	34	34

(Exchange rate used: 1 USD = LE 6.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The packaging industry in Egypt is still considered a new industry striving to grow and compete in international markets. The packaging market is expected to reach \$763 million in 2003, with an expected annual growth of 20% for the next three years. The expected increase in growth rate is due to an anticipated increase in exports as Egypt recently signed a tripartite agreement on the Qualified Industrial Zones (QIZs). Egypt's packaging equipment market is supplied 90% from imports and 10% from domestic sources, mainly from Italy, Germany, Spain, U.K. and the Far East. The U.S. share currently stands at five percent, but the local market is very receptive to U.S. equipment because of its excellent reputation and perceived value.

### Best Prospects/Services

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- Semi-Automatic Vertical and Horizontal Packaging Equipment
- Corrugated Carton-Making Machinery
- Complete Lines for Making And Filling Pet Bottles for the Edible Oil Industry

- Complete Lines for Making Multi-Layer High Density Polyethylene for the Liquid Milk Industry
- Horizontal Form-Fill and Sealing Machines for the Dairy Industry.

## Opportunities

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The market is concentrated primarily in the rapidly growing food processing, pharmaceutical, and chemical manufacturing industries. Packaging equipment for the food processing industry represents 40% of the total market. It is expected that there will be an increase in exports in the textile and ready-made industry, food and leather which will trigger an increase in demand for packaging equipment.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Packaging Equipment Sector:  
Heba Abdel-Aziz, [heba.abdel-aziz@mail.doc.gov](mailto:heba.abdel-aziz@mail.doc.gov)

## Port Development Services (ACE)

### Overview

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	2003	2004	2005 (estimated)
Total Sales	660	730	803
Sales by Local Firms	495	548	602
Sales by Local Firms	0	0	0
Sales by foreign-owned Firms	165	182	201
Sales by U.S.-owned Firms	42	46	50

(Exchange rate used: 1 USD = LE 5.80. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Until recently, port services in Egypt were almost entirely controlled by public sector entities. This state-owned management resulted in increasing overhead for both exported and imported commodities, thus making Egyptian products less competitive in international markets in addition to increasing the final costs for imported goods. The private sector is now allowed to participate in shipping services, including shipping agencies, warehousing, onshore stevedoring, and container handling.

## Best Prospects/Services

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- Establishment Of Ports and Marinas on A BOT/BOOT Basis
- Container Terminal Construction and Operation.

## Opportunities

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Marketing of two new ports recently inaugurated: the Ain Sokhna Port, and the Suez Canal Container Terminal of the East Port-Said Port.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Port Development Services  
Sector: John Abdelnour, [john.abdelnour@mail.doc.gov](mailto:john.abdelnour@mail.doc.gov)

## Electricity and Power Generation (ELP)

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	696	835	1000
Total Local Production	160	200	250
Total Exports	30	40	50
Total Imports	580	690	820
Imports from the U.S.	120	200	320

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The demand for electrical power generation in Egypt is increasing by 7% every year and is expected to remain in the 6%-7% range over the next 10 years. To meet the expected demand, the Egyptian Electricity Holding Company has developed a least cost generation expansion plan over two phases: a fast track phase (2002-2007), during which 4,500 MW of combined cycle gas turbines will be implemented, and a medium-



term phase (2008-2012), during which 8,375 MW of steam and combined cycle turbines will be implemented.

In an effort to gradually eliminate the current subsidies and improve the financial performance of this sector, the Government has increased the gas prices and has already started to increase the tariffs in selected areas in parallel to the formulation of a national tariff proposal to be tabled this Fall.

Power generation projects are capital-intensive. To obtain financing, credit support in the form of government guarantee of payment is provided, in addition to a Central Bank commitment on foreign currency availability and if necessary, a partial risk guarantee from the World Bank.

### **Best Products/Services**

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- Turbine Generator Units with Associated Equipment
- Vibration Dampers
- Circuit Breakers For More Than 66kv
- Power Transmission Lines
- Power Transformers More Than 25MVA-66kv

### **Opportunities**

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The Ministry of Electricity has more than ten future power plant projects to be implemented up to 2010. All projects are financed through soft loans. U.S. companies are welcome to bid on any of these projects. For more details regarding the above projects, U.S. Firms will need to contact Power Generation Engineering and Services Company (PGESCO) Tel: +20 (2) 417-5863, Fax: +20 (2) 417-5862.

### **Resources**

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Major Electric Show:

Electricity:

This show is held annually in December of each year to promote power generation, renewable energy, lighting, and electrical installation and control instrumentation. The show is open for all local and international companies to promote electrical manufacturers from their own countries, and U.S. firms are encouraged to participate. The show takes place at the Cairo International Convention Center.

Other contacts:

Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>  
Egytec Engineering Co.: <http://www.egytec.com/>  
Ministry of Electricity and Energy: <http://www.moee.gov.eg/>  
Egyptian Electricity Holding Company (EEHC): Email: [necc@link.net](mailto:necc@link.net)

Contact for the Commercial Specialist in charge of the Electricity and Power Generation Sector: Essam Tabarak, [essam.tabarak@mail.doc.gov](mailto:essam.tabarak@mail.doc.gov)

## Medical Equipment (MED)

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	671	750	840
Total Local Production	33	36	37
Total Exports	0	0	0
Total Imports	638	700	770
Imports from the U.S.	160	185	200

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The highly competitive medical equipment market in Egypt is estimated at about \$750 million, with an expected annual growth rate of 12% for the next two years. As there is little local production, the market relies mainly on imports and is extremely receptive to American products because of the advanced technology and the associated training, well developed marketing systems, and financing available through USAID's Commodity Import Program. Despite the solid reputation, U.S. market share is estimated at 25%. As the population continues to grow, more hospitals and medical and healthcare centers are being built. The Ministry and its donor partners are investing in renovating and re-equipping existing buildings with new technologies, and new constructions in priority, under-served areas. The private sector's demand for sophisticated medical equipment is also growing.

### Best Products/Services

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- Highly Specialized Disposables
- High-Tech Equipment
- Software for Hospital Management/Network
- ICU Monitoring Equipment.

### Opportunities

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Opportunities for U.S. exports to Egypt's medical equipment and services market are substantial and cut across the entire spectrum of medical-related activities and needs.

The following are some investment projects in pre-tendering phase reported through local media open for U.S. companies to bid on:

- L.E. 200 million budget funds allocated by the Ministry of Health for the construction of three new cancer treatment centers & the revamping of an existing center in Alexandria.
- L.E. 17 million budget funds endorsed to extend Sohag Cancer Treatment Center.
- L.E. 20 million project announced for the revamping of Heliopolis Hospital in Cairo.
- L.E. 8 million budget funds endorsed for the completion of the equipping of Suzan Mubarak Maternity & Pediatrics University Hospital in Minya.
- A unique L.E. 50 million project in Badr City to produce cancer treatment medicines.
- National Bank of Egypt in cooperation with Ministry of Health building and equipping hospital project in Qattamiya/Ein Al Sukhna Road.
- L.E. 150 million project announced to build a new specialist hospital to be annexed to Benha University Hospital.
- L.E. 9.5 million budget funds endorsed for the revamping of equipment at Luxor General Hospital & the opening of a new Fever Division.
- L.E. 10 million project completed for a new brain & nerves surgery center at Shoubra Hospital.
- L.E. 40 million project announced to produce natural medicines on 6,000 M2 land in Tenth of Ramadan City.
- L.E. 13 million budget funds endorsed to revamp the Health Insurance Hospital in Fowa, in Kafr El Sheikh Governorate.
- L.E. 20 million scheme endorsed by the Minister of Health & Population for the revamping of Nasr City Hospital.
- L.E. 10 million budget funds allocated for a unique medical center to treat breathing organ cancer cases at Abbassia Chest Hospital.
- L.E. 100 million medical complex project in Sohag annexed to Sohag Teaching Hospital.
- A national plan endorsed to revamp 8 hospitals & teaching institutes countrywide under L.E. 350 million investments apart from other three modern medical centers, now being built, in Damanhour, Benha & Sohag under L.E. 230 million budget.
- L.E. 90 million 7 floors new cancer treatment center project annexed to Nasr City Health Insurance Hospital in Cairo.
- New insulin project at Qaft City in Qena Governorate going under \$ 80 million estimated investments.

## Resources

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Major Medical Trade Shows:

Mena Med Tech

(Annual Pan-Arab/African Exhibition for Medical Equipment & Services,  
Pharmaceuticals, Hospital Supplies & Instruments)

Date: September , 2006  
Place: Cairo Fairgrounds  
Organizer: ACG & ITE Trade Fairs; Tel: +20 (2) 302-3626; <http://www.acg-itefairs.com/>;  
email: [info@acg-itefairs.com](mailto:info@acg-itefairs.com)

The Int'l Fair for Health & Medicine  
(Annual Exhibition for Medicine & Medical Equipment)  
Approximate Dates: Dec., 2006  
Organizer: Trust International Group; Tel: +20 (2) 260-0987; Fax: +20 (2) 401-2121

Other contacts:

Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>  
U.S. Embassy: <http://usembassy.egnet.net>  
USAID: <http://www.usaid-eg.org/>  
World Bank: <http://www.worldbank.org/>  
American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>  
Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>  
Ministry of Health & Population: <http://www.mohip.gov.eg/>

Contact for the Commercial Specialist in charge of the Medical Sector:  
Jihan Labib, [jihan.labib@mail.doc.gov](mailto:jihan.labib@mail.doc.gov)

## Hotel and Restaurant Equipment (HTL)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	499	550	550
Total Local Production	124	136	136
Total Exports	0	0	0
Total Imports	375	412	412
Imports from the U.S.	100	110	110

(Exchange rate used: 1 USD = LE 6.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The Egyptian market for hotel and restaurant equipment in 2004 totaled \$550 million with an expected annual growth of 10% for the coming three years due to developments in the tourism industry. The U.S. has captured a 20% market share in kitchen preparation and hot kitchen equipment, dishwashers, refrigeration equipment and dryers. A major factor in the demand for hotel and restaurant equipment is the government of Egypt's effort to boost tourism, a top foreign exchange earner, by encouraging and giving incentives for the construction of resorts in newly developed areas such as the North Coast, Sinai, and the Red Sea coastal areas.

## Best Prospects/Services

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- Laundry Equipment
- Bakery Equipment
- Dishwashers and Kitchen Equipment
- Refrigeration Equipment.

## Opportunities

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The Egyptian government is inviting investment in the tourism field. They plan to increase the number of tourists from 7 million to 10 million and to build 100,000 new hotel rooms, over and above other investments in the North Coast, Sinai and the Red Sea. This development will trigger an increase for hotel and restaurant equipment.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of Tourism: <http://www.visitegypt.gov.eg/>

Contact for the Commercial Specialist in charge of the Hotel and Restaurant Equipment Sector: Heba Abdel-Aziz, [heba.abdel-aziz@mail.doc.gov](mailto:heba.abdel-aziz@mail.doc.gov)

## Food Processing Equipment (FPP)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	507	522	537
Total Local Production	56	57	58
Total Exports	39	40	41
Total Imports	490	505	520
Imports from the U.S.	33	34	35

(Exchange rate used: 1 USD = LE 6.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The total market for food processing equipment in 2004 totaled \$522 million with an expected annual growth of 3% during the coming three years. This increase is due to the country's ambitious plan to modernize its food processing facilities, targeting exports and the Government's plan to privatize its public sector concerns.

The majority of the vegetable and food processing equipment are imports, mainly from Germany, Italy, France, Switzerland, the U.K., the U.S., and Denmark. The U.S. has a market share of 6%; however, it can further increase its share by appointing local agents, offering improved after-sales service, and pricing more competitively. Egypt manufactures 8% of the market's vegetable and food processing equipment, mainly spare parts for the sugar milling industry, bakeries, packaging and filling machinery.

### Best Prospects/Services

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- Edible Oils
- Animal and Chicken Feed
- Fresh and Preserved Fruits And Vegetables
- Natural Juices and Concentrates
- Cheese and Milk
- Grain Silos

### Opportunities

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Egypt is going through an economic reform and is working on modernizing its food processing industry, specifically targeting exports. In addition, the Minister of Industry and Foreign Trade stated that they are focusing on selling public sector concerns, which opens opportunities for U.S. companies.

### Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Food Processing Equipment Sector: Heba Abdel-Aziz, [heba.abdel-aziz@mail.doc.gov](mailto:heba.abdel-aziz@mail.doc.gov)

## Petrochemical Industry (ICH)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	310	328	348
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	310	328	348
Imports from the U.S.	194	206	212

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The 2004 petrochemical industry of Egypt is estimated at \$328 million and produces 540,600 tons of petrochemicals. Market demand for petrochemicals is estimated to grow at 6% annually. With the increase in gas production reaching 66 TCF, the Government has prepared a 20-year ambitious master plan to produce petrochemicals for export, in addition to covering the demands of the local market. The plan will be executed in three phases, is estimated at \$10 billion, and will take over 20 years to complete. The estimated cost for the first phase is USD 3.1 billion and it will be completed in 2008.

U.S. technology is in great demand. The majority of the existing petrochemical plants are producing under licenses from U.S. companies. Polypropylene is produced under license from Union Carbide, Polyvinyl Chloride from Oxy-Vinyl, while the 80,000 tons produced by the new Alkyl Benzene plant (which will be operational in 2007) is under license from Universal Operations Project (UOP Oleflex).

#### **Best Prospects/Services**

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- Linear Alkyl Benzene
- Propylene/Polypropylene
- Ethylene/Polyethylene
- Styrene/Polystyrene
- Methanol
- Acrylic Fiber
- Expansion Of The PVC Project
- Production of Polyester And Ammonia/Urea.

#### **Opportunities**

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The petrochemical industry is in need of feasibility studies, technology transfer, project and equity participation, investment opportunities, and long-term product off-takers.

To date, feasibility studies for the Linear Alkyl Benzene and for the styrene/polystyrene projects are complete. The first study was done by the U.S. Company, Fluor Daniels and the second was completed by a Spanish company. The Egyptian Petrochemicals Holding Co. "ECHEM" is now the entity responsible for managing and supervising the establishment of any petrochemical project in Egypt. This company is under the umbrella of the Ministry of Petroleum.

#### **Resources**

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>  
Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>  
Echem: <http://www.echem-eg.com/>

Contact for the Commercial Specialist in charge of the Petrochemicals Sector:  
Heba Abdel-Aziz, [heba.abdel-aziz@mail.doc.gov](mailto:heba.abdel-aziz@mail.doc.gov)

## Educational Training & Equipment (EDS)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	150	172	197
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	150	172	197
Imports from the U.S.	60	68	78

(Exchange rate used: 1 USD = LE 5.80. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

As the Egyptian government is progressing with privatization of public sector entities, the private sector is equally striving to upgrade its efficiency through training. Hence, the development of a highly skilled and competitive workforce is becoming imperative to meet the needs of both employers and employees. The educational training and equipment market in Egypt is estimated at \$197 million a year, with an annual growth rate of 15%. A leading source in the educational field estimates the number of potential clients at 10,000 companies of varying sizes in both the public and private sectors.

### Best Prospects/Services

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- English Language Instruction
- Computer Software
- Management/Business Training Covering such Topics as Finance, Marketing, Customer Service, General Management, and Presentation Skills Either Using Multimedia Software or through Video Training
- Vocational Training in Health Technology
- Workshop Training Equipment, Including Training Simulators And Computers, Audio Visual and Video Equipment and Supplies, Educational Training Aids, Including Overhead and Slide Projectors, LCD Multimedia Projectors, Panels, and Data Shows, All Types of Screens Including Electric Screens, Projection Equipment and Easels
- Videoconference Equipment
- Educational Laboratory Electronic Equipment for Schools such as Medicine, Physics, Chemistry, and Biology
- Electronic Dictionaries



## Opportunities

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The current (2002-2007) five year plan allocated \$6 billion per year for modernizing education and equipping schools with state-of-the-art equipment. USAID's support for Egypt's education and training needs has been ongoing since 1975. There are several active projects financed by USAID.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Educational Training Sector:  
John Abdelnour, [john.abdelnour@mail.doc.gov](mailto:john.abdelnour@mail.doc.gov)

## Biotechnology Laboratories (BTC)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	58	70	84
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	58	70	84
Imports from the U.S.	34	42	50

(Exchange rate used: 1 USD = LE 5.80. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The Ministry of Health is giving special emphasis to the acquisition of sophisticated laboratory equipment for medical purposes and research applications. Imports of biotechnology laboratory products in 2005 are expected to reach \$84 million with an annual growth rate of 20%. U.S. suppliers have so far captured a 60% market share. Such equipment is becoming increasingly popular in medical research centers, universities, as well as private sector hospitals and clinics in Egypt. Biotechnology laboratories are used for tissue culture, bone marrow transplants and kidney transplants in addition to genetic engineering.

### Best Products/Services

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Biotechnology Laboratories Comprise Fermentors  
Cell Image Equipment,  
Flow Cytometry Equipment

DNA Sequence Analysis Systems,  
DNA Synthesizers, Electrophoresis Systems  
Biomolecular Separation Systems  
Amino Acid Analyzers  
Tumor Markers  
PCR Systems  
Atomic Absorption Spectrophotometers  
Gas Chromatographs  
Centrifuges  
Freeze Dryers  
High Performance Liquid Chromatographs (HPLC)  
Ultrasonic Homogenizers

## Opportunities

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The current (2002-2007) five year plan allocated \$2.8 billion for upgrading medical services which entails the introduction of biotechnology to universities and research centers. Moreover, this plan emphasizes the importance of scientific research and the need to introduce modern technology on a national level by allocating some \$3 billion to upgrade research centers with modern equipment.

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>  
U.S. Embassy: <http://usembassy.egnet.net>  
USAID: [www.usaid-eg.org](http://www.usaid-eg.org)  
World Bank: [www.worldbank.org](http://www.worldbank.org)  
Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Biotechnology Laboratory Sector:  
John Abdelnour, [john.abdelnour@mail.doc.gov](mailto:john.abdelnour@mail.doc.gov)

## Agricultural Sectors

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Agriculture remains one of Egypt's most important sectors and continues to achieve steady growth rates of 3-4% per year. Growing middle-income countries generally exhibit a decline in agriculture's share of GDP and employment, and Egypt is no exception. The sector's contribution to GDP has fallen gradually from 20% in FY 1986/87 to 16% in FY 2002/03 and the number of Egyptians employed in the sector has fallen, from 33.8% of the total labor force in FY 90/91 to 28.4% in 2001/02. The challenge for Egypt is to maintain and expand agricultural production for domestic and export markets while at the same time adding value and employment through the development of more agriculture-based processing activities.

Productivity gains since the mid-1980's, achieved through long-term government commitments to policy reform and liberalization coupled with assistance from donors (particularly USAID), have helped sharply increase grain and vegetable production, closing the gap between domestic food supply and demand. Wheat production was 6.6 million metric tons (mmt) and rice production was 3.9 mmt in 2004, little changed from 2003. Nevertheless, Egypt remains a large food importers. Egypt is a traditional market for U.S. grain exports, although U.S. wheat exports lost substantial market share in 2002-03 to other competitors, particularly France, Russia, and Ukraine. U.S. wheat prices were substantially higher than those of its competitors due to the small crop in the U.S. Cotton production decreased from 280,000 metric tons (mt) in the 2004/05 marketing year to 211,550 mt in 2005/06, due to a decrease in yield per hectare from .9 mt in MY 2004/05 to about .8 mt in MY 2005/06. This decrease in yield was due to misuse of pesticides that had a negative impact on yields.

While still a small part of total exports, horticultural exports, chiefly to Europe, have become increasingly important in recent years. Egypt hopes that the Association Agreement with the European Union and development of the Toshka agricultural scheme (more on both below) will lead to large increases in fruit and vegetable exports. Food processing for both the domestic and export markets is an industry with substantial growth potential.

The South Valley Development or "Toshka" project, located in Egypt's far south, aims to irrigate some 500,000 acres of arable arid soil with water from Lake Nasser. Since 1997, the government has been building a massive pumping station and irrigation canals to transport the water for the project. Construction on the project has slowed in the past 3 years, but President Mubarak inaugurated the pumping station in October 2002 and all of its 21 pumping units had been installed and tested by the end of 2002. However, few are actually in operation as the water demand for cultivation is still not high. The main canal has been complete since at least 2000. Construction is proceeding on four branch canals of 28 km each, with the first two nearly completed, the third about 50% complete and work on the fourth just begun. Saudi Prince Walid bin Talal's Kingdom Agricultural Development Corporation (KADCO) owns 120,000 acres, to be managed by the U.S. firm Cadiz/Sun World (which has a 10% investment stake in the KADCO project), and is currently doing field tests on a portion of that land. This private sector project's aim is to grow fresh fruits and vegetable for export to Europe in the winter months. No other major investors are yet involved, although several Egyptian government-sponsored entities are doing field tests in the Toshka region.

#### Largest U.S. Agricultural Product Exports to Egypt by Value in \$000

No.	Product	2004	Market Share
BULK			
1	Wheat	543,600	55%
2	Corn	409,240	82%
	TOTAL	952,840	
INTERMEDIATE			

1	Planting Seed	45,543	58%
2	Soybean meal	12,112	4.4%
3	Feed & Fodders	17,972	20%
4	Vegetable Oils	10,871	5.8%
5	Soybeans	41,236	40%
6	Animal Fats	3,031	23%
	TOTAL	130,765	

#### CONSUMER-ORIENTED PRODUCTS

No.	Product	2004	US Import Share (2004)
1	Dairy Products	11,485	5%

CONSUMER-ORIENTED PRODUCTS (\$000)			
No.	Product	2004	US market Share
2	Nuts	4,448	50%
3	Processed fruit/vegetables	1,291	2%
4	Fresh Fruit	1,210	7%
4	Snack food	754	57%
5	Other consumer products (jams, ice cream, soups, condiments)	1,214	56%
6	Red meat Beef Liver	96	N/A
7	Fruit/veg. Juices	53	3%
8	Prepared red meat	0	0
	<b>TOTAL</b>	<b>20,551*</b>	

\* The dramatic decrease in imports caused by BSE ban on beef.

EGYPT IMPORT DATA				
(2000-2004)				
YEAR	TOTAL IMP. (BILLION \$)	TOTAL AG. IMP. (BILLION \$)	U.S. AG. IMPORTS	U.S. Ag. MARKET SHARE (%)
2000	15	3.599	1,060,554	29%
2001	12.901	3.390	1,033,554	30%
2002	12.496	3.512	869,737	25%
2003	11.98	2.813	1,009,138	36%
2004	10.59	3.216	951,132	30%

Source: Ministry of Economy and Foreign Trade (C&F values for imports), Central Agency for Public Mobilization and Statistics.

Principal U.S. Exports to Egypt: wheat, corn, soybeans, planting seed and high value products.

Principal U.S. Imports from Egypt: Spices, processed fruit and vegetables, fruit/vegetable juices, and some other high value food products.

Marketing Year Data = July – June. Units: thousands of metric tons.

WHEAT	MY/02	MY/03	MY/04	MY/05
Total Consumption	12,079	13,066	13,970	14,395
Local Production	6,150	6,443	6,630	6,800
Total Imports	5,650	6,873	7,500	7,600
Imports From U.S	1,200	3,624	3,000	5,000

Source: Foreign Agricultural Service, USDA

Egypt continues to encourage wheat production by paying high prices to local producers. The government has increased the procurement price to LE 1,100/ MT (\$ 188 per MT) for the 2004/05 wheat crop from LE 966/ MT (\$155 per MT) in 2003/04. This price is higher than the current Ukrainian wheat prices (LE 960/MT). The total quantity of locally produced wheat sold to the Ministry of Supply in MY 2003/2004 was 2,150,000 MT. For the 2004/05 crop, the General Authority for Supply Commodities (GASC) plans to purchase 3 million MT. However, it is expected that the GASC will not exceed the level of procurement made last year.

Egypt continues to have one of the highest wheat per capita consumption levels in the world (180 kg). Total consumption of wheat in MY 2004/2005 is estimated at 13.9 MMT including nearly 7.5 MMT of imported wheat. Since the beginning of MY 2004/05 (July 2004) through the end of February, Ministry of Supply (GASC) purchased 3.65 MMT of imported wheat and 2 MMT of locally produced wheat in addition to 500,000 MT of locally produced white corn to produce 82 percent extraction flour used for the subsidized baladi bread. The subsidy on baladi bread cost the government close to LE 3.8 billion last year. During the same period, private sector companies purchased 1,661,559 MT of imported wheat to produce 72 percent extraction flour used in the production of high quality flat bread and European type bread, pastries and pasta. Most of the domestic wheat crop is sold directly to consumers or retained by farmers for on-farm consumption.

Marketing Year Data = October – September. Units: thousands of metric tons.

Corn	MY 02	MY 03	MY 04	MY 05
Total Consumption	9,120	9,646	9,880	10,150
Local Production	5,886	5,740	5,780	5,950
Total Imports	3,940	3,906	4,100	4,200
Imports From U.S	3,150	2,900	3,000	3,200

Source: Foreign Agricultural Service, USDA

In MY 2004/2005, total corn production is estimated at about 5.7 MMT. For MY 2005/2006, total corn production is expected to increase and reach 5.9 MMT. Egyptian total corn consumption in MY 2004/05 is estimated at 9.88 MMT, or approximately one percent over the MY 2003/04 level. The majority of the local corn crop is utilized for animal feed (mostly consumed on farm) and about 1.5 MMT are used for food purposes (either milled or consumed fresh). Large and commercial end-users and feed mills rely on imported yellow corn to meet their requirements. In MY 2004/05, about 500,000 MT of locally produced white corn is expected to be delivered to the Ministry of Supply for the production of subsidized baladi bread. For MY 2005/06, total white corn delivery is expected to reach 600,000 MT.

Egypt imports nearly 400,000 MT of yellow corn annually for the production of starch and sweeteners. Approximately 2.3 MMT of imported corn were used for poultry, 1.2 MMT were used for ruminants and 400,000 MT were used for the starch industry in MY 2003/04. This trend is expected to continue in MY 2005/06. The poultry sector exhibited a slight decline in corn usage in MY 2004/05, however, corn use has increased dramatically in feed for modern dairy farms and beef and buffalo fattening operations. The U.S. market share of Egyptian corn imports in MY 2003/04 is estimated at 81 percent; Argentina supplied the remainder. The large U.S. market share is mainly due to the availability of high quality American corn at competitive prices. This trend is expected to continue in MY 2004/05 and 2005/2006.

Marketing Year Data = January – December: Units: thousands of metric tons.

Soybean Meal TMT	MY 02	MY 03	MY 04	MY 05
Total Consumption	1,232	1,202	904	950
Local Production	247	247	175	240
Total Imports	955	955	699	710
Imports From U.S	150	150	31	50

Soybean meal continues to be the major meal imported into Egypt. In CY 2004, total soybean meal imports are estimated to be 699,000 MT, or about 27 percent lower than the 2003 level. In 2004, U.S. soybean meal exports to Egypt decreased by 61 percent and captured 4 percent market share, compared to 9 percent in 2003. Brazil's market share decreased from 15 percent in MY 2003 to 5 percent in MY 2004, while Argentina's market share increased to 89 percent compared to 71 percent in the previous year. In CY 2005 soybean meal imports increased to 710,000 MT. During the first half of 2004, 44 percent soybean meal was imported at \$330 per MT CIF. During the latter half of the year the CIF price was \$190 per MT, compared to \$214 per MT C&F in MY 2002/03. The import price for 48 percent soybean meal was between \$18 and \$25 per MT higher than the 44 percent soybean meal.

In 2004 Egypt's soybean meal consumption decreased by approximately 24 percent from the 2003 level. This can be attributed to a reduction in livestock and poultry producers, who suffered from substantial increases in the price of feed inputs. Soybean meal is mostly utilized in poultry rations (80 percent).

Marketing Year Data = January – December: Units: thousands of metric tons.

Beef and Veal Thousand	2002	2003	2004	2005
Total Consumption	523	523	569	581
Local Production	458	453	455	461
Total Imports	65	70	114	120
Imports From U.S	0.200	1.070	NA	NA

In 2004, total red meat consumption is estimated to be 569,000 MT, of which 80 percent is locally produced. This represents a 6 percent increase above the 2003 level, resulting from an increase in frozen meat consumption. In 2005, meat consumption increased after the ban on some European and African imports was lifted. In addition, the removal of the seven percent maximum fat limitation was applied on imported frozen meat for direct consumption. Egyptians prefer beef to other types of meat including poultry and lamb. They also prefer fresh over frozen beef. The more affluent segment of the population tends to think of imported frozen meat as an inferior product. The exception to this is the very limited amount of high quality beef imported for use in hotels and restaurants, mostly imported from the United States. Restrictions on the importation of live cattle from most EU countries because of BSE and FMD concerns continue to have an impact on imports of beef cattle from those countries, especially Ireland who was a major supplier of live cattle to Egypt. In 2004 and 2005, Ethiopia, Romania and Hungary were the major suppliers of beef cattle to Egypt. Total beef cattle imports in 2004 are estimated at 2,000 heads, of which 1,208 heads were imported from Romania and 792 from Hungary. In 2005, Egypt opened its market to imports from Africa. Total beef cattle imported from January 2005, through the end of May 2005 is estimated at 20,265 heads of which 12,159 heads came from Ethiopia, 7,100 heads came from Romania and 1,006 from Moldova.

Marketing Year Data = January – December: Units: thousands of metric tons.

Soybean oil	2002	2003	2004	2005
Total Consumption	214	166	131	161
Local Production	58	39	39	74
Total Imports	156	127	92	87
Imports From U.S	4	54	54	30

Source: Foreign Agricultural Service, USDA

In MY 2004/05, total vegetable oil consumption increased by 20 percent from the MY 2003/04 level. Cottonseed oil and sunflowerseed oil consumption increased by 17 percent and 325 percent, respectively in MY 2004/05. Palm oil consumption increased also by (21 percent) compared to last year. The increase in total oil consumption was mainly due to the availability of foreign exchange liquidity, especially for FIHC (major importer for vegetable oil). In addition there was an increase in imported palm oil. Consumption of palm oil increased from 522,000 MT in MY 2003/04 to 615,000 MT in MY 2004/05, mainly due to its relatively cheap price. Palm oil continues to maintain a strong market share among other consumed oils, be it for human consumption or industrial use. Palm stearin is imported mainly as a substitute for tallow in the manufacture of soap.

A portion of the vegetable oil consumption in Egypt is subsidized and distributed through a ration card system. Ration cardholders are allowed only 0.50 K.g /person/month at a subsidized price of LE 0.50. The government initiated a new subsidy program for ration cardholders which allow an additional 0.5 Kg of cooking oil per person per month (with maximum two Kg per ration card) at LE 3.5 per Kg.



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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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The tariff structure has steadily been improving in Egypt. In 1998 the GOE reduced the maximum tariff rate for most imports from a high of 50 percent to 40 percent and over 98 percent of Egypt's tariffs are bound tariffs. On September 8, 2004 the Egyptian Government announced a new tariff structure. The government removed GATT-inconsistent services fees and import surcharges, reduced the number of ad valorem tariff rates from 27 to 6, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized national sub-headings above the six-digit level of the Harmonized System (HS). The new tariff structure includes six tariff rates, pegged to the degree of processing, that range between 2 percent on raw materials, spare parts, and primary feeding products and 40 percent on durable consumer goods. A number of exceptions still exist, including duties on imported alcoholic beverages, tobacco and cigarettes and passenger vehicles with cylinder capacity (CC) above 2000. The changes in tariffs brought down the officially announced weighted average tariff rate from 14.6 percent to 8.9 percent (does not match ECPO doc "Egypt's average weighted tariff rate was 27.5 percent, which was relatively high when compared with other developing countries with large internal markets and diversified industrial economies". The government also eliminated services fees and import surcharges ranging from 1 to 4 percent, which were considered GATT-inconsistent non-tariff barriers to trade. The Egyptian Government replaced its 10-digit 13 thousand-line tariff structure with a six-digit structure with less than six thousand tariff lines. This change should reduce disputes over product classification for customs purposes. Additionally, the Egyptian Government eliminated export duties on 25 products that were in short supply on the domestic market.

In addition to the customs tariff, all imports are subject to sales tax ranging from 5% to 25%. Every importer is required to pay the tax and also to register for sales tax. Although like a VAT in many ways, the sales tax is not a full VAT. For example, no credit is paid for tax on inputs (e.g., on import of computers) unless the commodity

subject to the charge is physically embodied in the output on which output sales tax is charged. Therefore, if the computer hardware and software is sold onwards, a credit will be given for the tax paid on input. If the computers are retained for use in the business, even if the importer is registered, no credit will be given. The Sales Tax Department confirms that the tax will be 10% on both hardware and software.

A list of recent tariff reductions for some major industries follows:

- Automotive industry and its feeding industries: The tariffs on the automotive manufacturing components have been reduced from 5-12% to 2-5%, in addition to around 10% sales tax.
- Passenger cars with engines under 1,600cc were reduced in September 2004 to a maximum of 40 percent, while engines over 1,600cc now have a tariff rate of 135 percent.
- Paper manufacturing, printing and publishing: Tariffs on material for paper manufacturing have been reduced from 5-32% to 2-12%.
- Iron and steel industry: Some materials have been completely exempted from tariffs, while others have been reduced from 5% tariffs to only 2%.
- Food industry: Tariffs have been unified and reduced for the food and pharmaceutical industries to 5%.
- Material for textile industry: Tariffs have been reduced from 40% to 12-22%.
- Medical equipment, including dentistry, equipment used for treating fractures, cardiovascular equipment, hearing aides, and needles used for sewing wounds: Tariffs have been reduced from 5% to 2%.

## **Trade Barriers**

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### **SERVICES BARRIERS**

Egypt participated actively in the Uruguay Round negotiations on services, but made commitments in only four sectors: construction, tourism, financial services, and international maritime transport. Egypt subsequently made commitments in the 1997 WTO agreement on financial services negotiations. Egypt is gradually implementing its General Agreement on Trade in Services (GATS) commitments. Egypt supported launching a new round of trade negotiations, including trade in services, at the WTO Ministerial meeting in Doha in November 2001.

Egypt has restrictions for most service sectors in which it has made GATS commitments. These restrictions place limits on foreign equity in construction and transport services (foreign capital equity should not exceed 49 percent of the total capital of some activities). Egypt restricts the employment of non-nationals to 10 percent of the personnel employed by a company. Restrictions on the acquisition of land by foreigners for commercial purposes were amended in 2002 to allow the acquisition of land by non-Egyptians under certain criteria and procedures.

In 1998, the Egyptian Government passed legislation allowing privatization of Egypt's four state-owned insurance companies. The law removed the prohibition on majority foreign ownership of Egyptian private insurance firms, permitting up to 100 percent

foreign ownership. In addition, the law eliminated the prohibition on foreign nationals serving as corporate officers of insurance companies. There are currently at least six foreign insurance companies operating in the market: Alico, AIG, ACE and ACE AllC (U.S.), Legal and General (U.K.), and Allianz (Germany). There are eleven private sector insurance companies, three of which are joint ventures with U.S. firms. Plans to prepare the four state-owned insurance companies for privatization appear to have made little headway in the past two years. In December 2004 the Minister of Investment, responsible for privatization of public and joint venture companies, announced government plans to privatize public insurance companies. One public insurance company is expected to be privatized by the end of 2005.

There are 61 banks in Egypt, 22 of which are joint ventures with foreign participation. As a result of its 1997 WTO financial services commitments, Egypt does not limit foreign equity participation in local banks. Several foreign banks have majority shares in Egyptian banks, while other foreign banks are registered as branches of the parent bank (rather than subsidiaries). In all cases, these foreign banks can conduct all banking activities in Egypt. New foreign banking entrants face barriers, however. Because the government believes there are too many banks in Egypt, it has not issued a new banking license in at least ten years and announced it plans to reduce the number of banks in Egypt to 21 banks in the next five years. As a result, the only way a foreign bank can enter the market in Egypt is to purchase an existing bank. In 2002, the Central Bank of Egypt (CBE) required that banks raise their capital adequacy ratios to meet Basel II standards. The 2003 banking law substantially raised minimum capital requirements for all banks mandating that banks unable to meet this requirement either merge with other banks or exit the market. Since early 2001 the government has advocated the merger of some smaller banks but little happened in this regard until late 2004 when two banks merged and three have applied for CBE approval. More mergers are expected in 2005 and 2006. Many bank mergers have occurred this year (information not present on ECPO doc).

Recent mergers include Egypt's second and third largest commercial banks, Banque Misr and Banque du Caire, as part of ongoing consolidation efforts. This will reduce the number major players in the banking industries from four to three.

Also in 1998, legislation was passed to allow privatization of the four state-owned banks that control over 50 percent of the banking sector's total assets. Until recently, however, progress on privatization has been slow. The government appointed new, western-trained senior management teams for the four banks. Government plans to privatize one public bank were announced following the appointment of a new Cabinet in 2004 and this privatization is expected to be completed by the end of 2005. The downsizing and privatization of Egypt's banking sector should strengthen it and improve implementation of market-based financial operations.

Egypt's WTO financial services commitment in the securities sector provides for unrestricted market access and national treatment for foreign companies. International investors are permitted to operate in the Egyptian stock market largely without restriction. Several foreign brokers, including U.S. and European firms, have established or purchased stakes in brokerage companies. In May 2002, the Minister of Finance issued a decree to establish the Primary Dealers System which started operating in July 2004. The new system allows financial institutions that are registered with the Ministry of Finance, currently including 13 banks, to underwrite primary issues of

government securities and to activate trading in the secondary market through sale, purchase and repurchase of government securities. The government is using the primary dealers system to manage its public debt, secure non-CBE finance and create a market-based yield curve for public debt.

Telecommunications services have expanded rapidly in the past three years as the sector has been liberalized and opened to international competition. Telecom Egypt will continue to be a state owned monopoly until the end of 2005. At that time, the Egyptian Government plans to offer a minority share of the company to a strategic investor and additional shares on the stock exchange when market conditions are suitable. An initial public offering of Telecom Egypt stock was originally planned for late 2000, but it was delayed due to market conditions.

Private-sector firms participate actively in Internet services and cellular services. Foreign firms compete for contracts offered by Telecom Egypt to modernize its networks and switching equipment. Telecom Egypt has sought foreign participation in the management and operation of the national telecommunications grid, however no agreements have yet been signed. In February 2003, Egypt's parliament approved a new telecommunications law (Law 10). It stipulates, in compliance with Egypt's WTO commitments, that Telecom Egypt will relinquish its monopoly status as Egypt's domestic operator and sole international operator by January 2006 and provides for greater price flexibility for Telecom Egypt shares in a future public offering. In June 2002, Egypt acceded to the WTO Basic Telecommunications Agreement (BTA), which requires the liberalization of telecommunication services and full autonomy of the national telecom regulatory authority by January 2006. In April 2003, Egypt joined the WTO Information Technology Agreement (ITA), which requires the eventual phasing out of tariffs on all information technology imports from WTO members. Egypt has made significant progress in meeting its WTO telecommunications-related commitments. More progress is required to achieve full autonomy in National Telecommunication Regulatory Authority (NTRA) operations.

Maritime and air transportation services are being liberalized. A 1998 law ended the long-held government monopoly in maritime transport, and the private sector now conducts most maritime activities, including loading, supplying, and ship repair, and, increasingly, container handling. The new Ain Sukhna port is the first privately owned and operated Egyptian port. Another private port, East Port Said port, was inaugurated in October 2004. Egypt Air's monopoly on carrying passengers has been curtailed, and several privately owned airlines now operate regularly scheduled domestic flights and international charter services, although the national carrier remains by far the dominant player in the sector. Private and foreign air carriers may not operate charter flights to and from Cairo without the approval of the national carrier, Egypt Air. Egypt passed laws in 1996 and 1997 permitting private firms to build and operate new airports. Private concessions can operate businesses and provide services in airports, but private ownership of airports is still not permitted. Six new build-operate-transfer airports were under construction at the start of 2001. One of these, at Marsa Alam, opened at the end of 2001. The Egyptian Government plans to increase the number of airports in the country from the current 18 to 25 over the next decade.

Egypt maintains several other barriers to the provision of certain services by U.S. and other foreign firms. Foreign motion pictures are subject to a screen quota and distributors are allowed to import only five prints of any foreign film. Foreign movies are

subject to duties and import taxes of about 46 percent of the value of a film (32 percent for a copy of the movie, 12 percent on posters and 2 percent on the movie reel), as well as a 10 percent sales tax and a 20 percent box office tax (compared to a five percent box office tax for local films).

The Egyptian Government applies to private express mail operators a postal agency fee of 10 percent of annual revenue from shipments under 20 kilos, a fee that negatively affects their competitiveness. Shipments weighing more than 20 kilos are treated as freight and are not subject to the 10 percent fee.

According to the Egyptian labor law, foreigners cannot be employed as export and import customs clearance officers and tourist guides.

## **INVESTMENT BARRIERS**

Under the 1992 U.S.-Egypt Bilateral Investment Treaty (BIT), Egypt committed to maintaining the critical elements of an open investment regime, including national and Most-Favored-Nation (MFN) treatment of investment (with exceptions limited by the treaty), the right to make financial transfers freely and promptly, and international law standards for expropriation and compensation. The BIT also establishes formal procedures to enforce the treaty, including international arbitration.

In 1999, Egypt and the U.S. signed a Trade and Investment Framework Agreement (TIFA) that established a TIFA Council designed to facilitate the discussion of bilateral trade and investment issues. The Council met most recently in February 2005 and reviewed how recent reforms undertaken by the Egyptian government have affected Egypt's trade regime. The Council also discussed issues related to agricultural trade, customs administration, intellectual property rights protection, and government procurement.

Egypt offers first-time investors expedited approval to establish operations, and special advantages and incentives are given to investors in 16 priority sectors (among them agriculture, housing, transportation, petroleum, and computer software). Many incentives are geographically based to encourage investors to locate outside of the greater Cairo area. For example, investors locating businesses in parts of Upper Egypt can receive 20-year tax holidays. A dozen new industrial zones have been built in satellite cities in the desert areas outside of Cairo and Alexandria. The government drafted a new income and corporate tax law which will be referred to parliament in the 2004/2005 session. The draft bill reduces income and corporate taxes by 50 percent, imposes flat rates, reforms tax administration, and eliminates tax holidays.

In 1995, Egypt notified the WTO about a measure inconsistent with its obligations under the Agreement on Trade-Related Investment Measures (TRIMS). The notified measure granted customs duty reductions to investments that met certain conditions with respect to resource exploitation, technology transfer, and export performance. By making this formal notification, Egypt qualified for a five-year transitional period for phasing out the relevant measure. In February 2001, Egypt submitted a request to the WTO for an additional five-year transition period. This request, which was received after the initial transition period had ended, was never formally granted by the WTO. The United States is seeking to confirm whether Egypt is now fully in compliance with its TRIMS obligations.

For an imported shipment to be accepted at Customs in Egypt, the shipment must have the following documents:

1. **Commercial Invoice**- 2 copies plus the original document are required. Legalization by the Egyptian consulate in the country of origin is required in most cases.
2. **Certificate of Origin**- 2 copies plus the original document are required. The Certificate of Origin must be authenticated by the Egyptian consulate in the country of origin. Natural products are considered to originate in the country where the goods are extracted. The Certificate of Origin must bear a statement that the information given is true and correct to the best of the shipper's knowledge.
3. **Packing list**- packing list may be required by the consignee and is recommended in most cases.
4. **Bill of lading**- the number of bills of lading required depends upon the carrier. There are no regulations specifying the form or number of bills of lading required for shipment. A bill of lading must show the name of the shipper, the address and the number of bills of lading issued.
5. **Pro forma invoice**- this is an invoice required by the importer for submission along with the import license. It must show the country where the goods were manufactured.
6. **Letter of Credit**- The Central Bank of Egypt in March 1999 advised all banks operating in Egypt that L/Cs must be covered 100% in cash by the importer. This replaced the previous procedure whereby banks and their clients reached their own agreements and covered, usually 10-20% of L/C's value. In general, the exporter may not ship the goods before the Egyptian bank has notified the opening of a L/C. If the goods are shipped before the LC is opened, the importer runs the risk of being fined up to a maximum of the value of the goods. If the importer does not bear the cost, then the exporter will have lost the value of such a shipment, and in the case of products with a shelf-life, the delay at the customs can mean that even if the exporter (e.g. a U.S. company) wanted to take back the shipment, it's no longer of any use.
7. **Content analysis of the commodity** – Required for those products which may be subject to standards testing.

#### MINISTERIAL DECREE 619 OF 1998 - CERTIFICATION OF ORIGIN

Ministerial decrees over the past years have had an impact on U.S. trade with Egypt. Ministerial Decree 619 of 1998 required imports to be accompanied by a certification of origin and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. Decree 619 subsequently was adjusted in late 1999 to allow the shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Regulations also were implemented to facilitate the ability of firms to meet the requirement for a certificate of origin. This requirement can now be fulfilled with a company invoice noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office. Since May 1999, the Central Bank of Egypt has required 100% coverage for credit lines opened for goods imported

by traders for resale purposes.

Egypt no longer requires import licenses for most products, although licenses are still required for some products, such as animal products.

## **U.S. Export Controls**

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Egypt is not subjected to special sanctions (such as those imposed on Libya and Iran). Nevertheless, there are three aspects of U.S. export control regulations that should be considered in doing business with Egypt.

First, the U.S. has stringent antiboycott regulations. American companies may not aid or abet the boycott against Israel that the Arab League has had on the books for years. For instance, American companies are not allowed to certify that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security in the U.S. Department of Commerce.

Second, there are numerous companies and individuals that have been blacklisted by the U.S. Government as a result of past violations of export regulations. The BIS has a Denied Persons List and the Office of Foreign Assets Control has a Specially Designated Nationals List. Both of these lists can be checked online to ensure that the prospective business partner does not have anything against him.

Third, individual items may require specific export licenses. In principle all exports require a license, though in practice the vast majority of our exports fall under a so-called general license that allows export without getting permission from the BIS. For a number of items, a specific license is required. These include products whose high-tech nature implies that export may involve a national security risk.

Again, contacting BIS will enable an exporter to determine whether or not his specific items require a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

## **Temporary Entry**

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### **Temporary Imports**

In general, Egyptian customs allows for commercial samples and temporary imports for display purposes at officially recognized exhibition or for sales promotion activities to enter the country duty free, with the exception of goods which are cited on the list of prohibited imports. Certain conditions do apply, however.

Goods must not exceed a value of LE 500 or be suitable for resale, which must be apparent from the forwarding documents. If the party concerned does not meet these conditions, a deposit may have to be paid along with a signed declaration on Customs



Form 93 that the goods will be re-exported. A refund will be issued upon proof of exportation.

Medical samples must comply with the rules for the importation of pharmaceuticals, and samples of foodstuffs must comply with the relevant health regulations.

In certain cases, goods imported on a temporary basis may be disposed of or sold in Egypt upon payment of the appropriate customs duty plus an extra tax of 10% per month after clearing customs.

On re-exportation of goods imported under temporary import regulations, companies should ensure that correct documentation and return of the letter of guarantee is obtained from the Egyptian Customs in order to avoid claims against the company at a later stage.

Printed advertising materials, such as catalogs, posters, or films, may also be imported duty free in small quantities.

### **Drawback System**

Exporters may also take advantage of the drawback system. This procedure is different from the temporary admission system in that full customs duties are paid on the imported materials and the manufacturer does not fill out a special form with Customs. However, there is a one-year time requirement to re-export these imports as part of a final product in order to have the right to reclaim the full amount of the duties paid as well as other taxes such as the sales tax.

This procedure is cumbersome and refunding may take up to six months for processing. The agencies administering the program are tasked with the responsibilities of determining and then repaying the drawback amount. The Industrial Surveillance Authority carries out the first task, while the Customs Authority carries out the second. A delegate from Customs has to be present during the manufacturing process. To refund the amount paid, several administrative requirements must be satisfied:

- **Details, such as quantities and materials used in manufacturing a unit of the exported products, must be provided to enable Customs to calculate the drawback rate;**
- **Proof of duties paid on the imported quantities must be furnished;**
- **In order to collect an allowance in the drawback rate for wastage and scrap, quantities of such must be verified.**

In addition, the following documents must be provided: customs import release certificate, certificate of export of product, an export permit, a registered deed of sale from the original importer, and a customs clearance certificate.

To speed up the reimbursement process, the Egyptian Government introduced in October 1999 a new "tax rebate" system, by means of which exporters could be reimbursed according to pre-specified rates for each industry. The tax rebate system currently covers more than half of the major exported commodities.

Finished goods that are imported for retail sale, must have the product's country of origin, the producer's name and product description in Arabic in a clearly visible place on the packaging. Special regulations exist for some items, including foodstuffs, pharmaceuticals and textiles.

Production and expiration dates must be clearly shown on the package. Information on the label cannot be easily erased, scratched or altered. Information must be written in Arabic as well, and weights and measures must be shown using the metric system. Dates are accepted in English, but the words "production" and "expiry" must be written in Arabic. The label must include:

- Name and address of manufacturer;
- Brand or trade mark (if applicable);
- Country of origin, type of product;
- Name and address of importer;
- Production and expiration dates;
- Product use instructions (optional);
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;
- If preservatives are being used- percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or "Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside.

The label on the meat must include the following:

- Country of origin
- Producer's name and logo
- Name of slaughterhouse
- Slaughter date
- Name and address of importer
- Name of entity, which issued the "Islamic slaughter" definition.

The Commercial Office in the Egyptian Embassy or Consulate in the country where the product originated must then approve all these labeling requirements.

**Packaging requirements:**

Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Data which appears on equipment, tools and machinery should be identical to those appearing on the package. The country of origin should be indicated on each item and be non-erasable. They should be accompanied with an Arabic-language catalogue indicating the following:

- An illustrative design of the parts.
- Mode of assembly and operation.
- Maintenance procedures.
- Electrical circuits for electrical equipment.
- Safety measures.

Products prone to rust and corrosion should be painted with a special protective paint. Check that the labeling on the goods conforms to the current Egyptian labeling regulations for the product in question.

Be aware that packaging and import description discrepancies can lead to payment default.

Food imports face a number of burdensome labeling and packaging requirements. Poultry and meat products must be shipped directly from the country of origin to Egypt and sealed in packaging with details in Arabic both inside and outside the package. This requirement raises processing costs and discourages some exporters from competing in the Egyptian market. Appropriate packaging must be provided for food products. These should be clean and odorless, so as preserve the product and prevent damage occurring. Production and expiry dates must be clearly displayed on the product's packaging. The information should be printed in Arabic on the package using indelible type, but stuck on labels will normally be accepted as well.

Textile fabric was also subject to costly and complicated labeling requirements. . Egypt ended the requirement that the country of origin must be identified in a continuous band along the entire length of the imported fabric. However, imported textiles are subject to quality control examination by a committee made up of members representing the domestic spinning and weaving industries. This group also has some influence with Egyptian Customs in setting the duties that are imposed. The labeling requirement for textile fabric was canceled while labeling requirements for imported garments mandate basic information on tags similar to foreign garments. In addition, fabrics are no longer subject to testing, and measures requiring that apparel labels be written in Arabic to include importer information were eliminated. Egypt also committed to expedite the customs clearance process for apparel and textile imports.

## Prohibited and Restricted Imports

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Egypt lifted its ban on apparel imports on January 1, 2002, replacing it with excessive specific rate duties. In January 2004, the Egyptian Government issued a decree replacing these specific-rate duties with ad valorem (percentage of value) tariffs consistent with Egypt's commitments to the WTO.

In 1998, Egypt issued a decree stipulating that passenger vehicles can only be imported during their year of manufacture, effectively banning the importation of second-hand cars. In 2000 the decree was amended adding one year after the year of production to the period during which passenger vehicles can be imported. In **November of 2005 the**

### Minister of Foreign Trade and Industry issue a decree lifting the regulation restricting the import of cars from the country of origin

In February 2005, Egypt lifted its ban on beef with a fat content greater than 7 percent. In March, 2005, it lifted its BSE ("mad cow disease") ban on the importation of U.S. beef. The ban on imports of live cows, meat and its products, from European countries remains active.

Egypt maintains restrictions on the importation of health food products such as dietary goods. For example, import permits are not issued for such products that compete with local products.

According to a January 2002 decree issued by the Egyptian Ministry of Health:

1. Egypt bans the importation of used and refurbished medical equipment and supplies. The ban does not differentiate between the most complex computer-based imaging equipment and the most basic of supplies. At present, even new medical equipment must be tested in the country of origin and proven safe before it will be approved for importation into Egypt. These regulations also apply to medical equipment that is being donated, not sold for profit. FDA approval is key to having medical products registered, although the Ministry of Health may still do additional testing on any medical device.
2. Natural products, vitamins and food supplements are prohibited from importation into Egypt in their finished form. The only way this can be marketed in Egypt is by local manufacturing under license, or by sending ingredients and premixes to a local pharmaceutical firm to be prepared and packed in accordance with specifications of the Ministry of Health. Only local factories are allowed to produce food supplements and are only allowed to import raw materials which are used in the manufacturing process.

### Customs Regulations and Contact Information

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Egypt announced implementation of the WTO customs valuation system in July 2001. The system has not been fully implemented yet due to its complexity, and importers sometimes face a confusing mix of the new invoice-based and old reference-price valuation systems depending on the type of imports. The Ministry of Finance is trying to assist customs officials by translating and simplifying the WTO valuation system, which uses seven valuation methods. The Ministry of Finance has committed to a comprehensive program to reform the customs system, and a priority is to implement the WTO Customs Valuation Agreement. USAID has funds available for a six-year, \$30 million customs reform project to support the Ministry of Finance's efforts. The Ministry of Finance is working with other donors, including the European Union, on customs reform issues.

The September 2003 inauguration of the Model Customs and Tax Center (MCTC) was an important step in modernizing customs and tax administration in Egypt. The Cairo MCTC is a "one-stop shop" where taxpayers registered in Greater Cairo can settle income taxes, sales taxes and customs for goods passing through any of Egypt's ports. Another model customs center will be established in Alexandria in 2005.

Customs procedures, designed to eliminate trading loopholes, are still cumbersome and rigid in areas such as duty rates. They are subjective when it comes to identifying whether a commodity fits in one tariff category or another.

Although on July 1, 2001, the Egyptian Customs Authority officially announced beginning of implementation of the invoice-or transaction value-based procedures in accordance with the WTO valuation agreement, the system is not yet being implemented, and customs agents have great discretion in valuating incoming shipments.

As under-invoicing is prevalent in Egypt as a means of tax-avoidance by local businesses, the Customs Authority has a tough policy regarding commercial invoices. Tariff valuation is based on either the worldwide price list received annually from foreign producers/distributors, or if that is not available, they take the highest price available in the local market. In cases where customs officials suspect under-invoicing, they usually add from 10% to 30% (called improvement percentage) to the invoice value. Importers have the right to take legal action against Custom Authorities in the event of a dispute regarding appropriate valuation, including arbitration which takes fifteen days or more. During that time, the disputed shipments are withheld and the importer has to pay fees as deposit until arbitration is over.

Customs officials suspect under-invoicing when legitimate sellers low-ball introductory prices of samples, then send larger quantities at higher prices; offer one price for a few items, and a quantity discount for subsequent shipments; or introduce a new product at a basic cost much cheaper than similar products previously imported from other sources.

The Egyptian Government has established a "white list" of importers who, under some conditions, are able to avoid full inspection of their shipments.

The ability to fulfill local content requirements is no longer required to obtain an approval to set up an assembly project. However, assembly industries must meet a minimum local content requirement of 45% in order to benefit from customs tariff reductions on imported industrial inputs.

A decree on computerized customs procedures has been issued for imported goods. The Customs Authority has begun applying a Computerized Customs Declaration Form (Bill of Entry) which intends to facilitate and simplify importers' dealings with the Customs Authority and to avert problems or differences in customs evaluation.

Although the new adjustments were aimed at fixing impediments in the current Customs Law, businessmen state that there are a number of other problems still deforming the existing Customs Law which need to be fixed, including customs tariff discrepancies, application of exemptions, arbitration, valuation, wastage goods, preference agreements, export problems, slowness of guarantees and deposits procedures, cumbersome customs procedures, customs expeditors and representatives problems, cancellation of immediate audits, and administrative problems.

Current importing regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper or the importer. No import can be put up for direct sale on the Egyptian market without first proving that it conforms to Egyptian standards, if it is on the mandatory list. If there are no Egyptian standards that suit the imported product, then it must be defined using

the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1. A committee from the Customs and Security bodies checks the shipment for security reasons and determines whether there are any illegal products.
2. The importer presents Customs with the documentation required to clear the shipment.
3. After reviewing these documents, Customs either clears the shipments for release to the importer directly or directs the consignment to other bodies for testing and inspection. Custom duties are then assigned and are paid in Egyptian pounds.

#### CUSTOMS CONTACT INFORMATION:

Model Customs Tax Center: <http://www.mctc.gov.eg/>

#### Standards

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#### Overview

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Standardization's official application in Egypt started in 1957, when presidential decree number 29/1957 established the Egyptian Organization for Standardization (EOS). In 1997, the organization's name was modified to Egyptian Organization for Standardization and Quality Control. This organization is entrusted to test products, materials, and industrial calibrations. The organization singularly sets, accredits, and issues the Egyptian Standard Specifications, as well as modify or cancel standards. Specifications are set by means of approximately 90 technical committees, each consisting of 10 to 15 members that represent all concerned parties (governmental, research, censorship/surveillance/ control, productivity, consumer safety, etc.).

The EOS issued 4000 specifications in 2001, and 500 new standards are currently in process. The organization regularly issues specifications according to the International Standards Organization (ISO). Egyptian specifications cover many fields such as the food industry, building materials, thermal equipment, engineering and electrical industries, mining, chemical industries, textile industries, environmental activities, etc. They focus on product quality and specifications, packing, wrapping, and documentation.

Most of these specifications are optional except for those related to general health, public security, and consumer protection. A ministerial decision issued by the Ministry of

Industry is needed to require compliance to these specifications. Obligatory standards constitute around 15 % of the total number of Egyptian specifications.

## **Standards Organizations**

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There are three main official Egyptian governmental organizations involved in developing and enforcing the standards used and applied in Egypt. They are:

### **Egyptian Organization for Standards and Quality Control (EOS):**

The EOS is affiliated with the Ministry of Foreign Trade and Industry. The organization is responsible for issuing and developing Egyptian standards for raw materials, industrial products, measuring and testing instruments, technical inspections, quality control, calibration, and technical classifications and terminology. Since its establishment in 1957, the EOS has been considered a national reference in all matters relating to standardization and quality control. EOS is declared the official and competent national authority in Egypt granting licenses permitting the application of the quality mark to domestic industrial goods and products i.e. EOS is the organization that issues conformity and The Egyptian Quality Mark. The EOS does not have the right to decide which commodities are subjected to import and export control. From a legal perspective, the Minister of Trade and Supply is the sole authority for making such decisions.

### **General Organization of Import and Export Control (GOIEC):**

GOIEC is affiliated to the Ministry of Supply and Home Trade. GOIEC currently has 22 offices and laboratories located at all the major sea and airports for import inspection as well as 11 others located throughout the country for export inspection. GOIEC has the responsibility for testing imported and exported products to ensure they meet the stipulations of EOS standards. Moreover, GOIEC may also indirectly generate standards through the use of an "*ad hoc*" technical committee. This committee provides recommendations for either creating or modifying a standard accordingly, and these recommendations are then passed on to the Ministry of Foreign Trade and Industry to be authorized and formalized. Similarly, GOIEC also tests products for consumer protection against economic fraud and deceptive practices- not solely for quality purposes. A 1999 Presidential Decree assigned GOIEC as the coordinator for all import inspections.

### **The National Institute for Standards (NIS):**

NIS is affiliated with the Ministry of Higher Education and Scientific Research. NIS is Egypt's primary standards laboratory. NIS is mostly concerned with measurements, testing, calibration, accreditation and consultation, and it also provides laboratory accreditation services.

## **Conformity Assessment**

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For an imported shipment to be accepted at customs in Egypt, the shipment must have the following documents: Commercial Invoice, Certificate of Origin, Packing list, Bill of lading, Pro forma invoice, and Letter of Credit.

The current importing regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper, or importer. All products that fall under the category of obligatory standards cannot be put up for direct sale on the Egyptian market without first conforming to Egyptian specifications. If there are no Egyptian standards that suit the imported product then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1. A committee from both the customs and security bodies checks the shipment for security reasons and for any illegal imports.
2. The importer presents the customs officials with the documentation required to clear the shipment.
3. After reviewing these documents, customs either clears the shipments for release to the importer directly or directs the consignment to other bodies, usually the GOIEC for testing and inspection. Customs duties are then assigned, and are paid in Egyptian pounds.

A problem that often takes place at customs is the process of what can be called “standard creation at port.” When a new product enters the country that has not previously been imported, customs officials will often insist that there must be a written description or standard to qualify a product for import. Hence, even if there is no such standard for the new product, the customs inspectors will try to fit the product into a previously existing standards category. The EOS often tries to apply the same standards to products that seem to be “historically” common in nature.

Inspection and testing of the imported goods will differ according to the nature of the consignment. Agricultural products for example, are sent to special agricultural authorities for detailed chemical inspection in the Ministry of Agriculture. Industrial and manufactured commodities may be directed for control at the Ministry of Industry. Some medical products, for example, will be directed to the Ministry of Health, EOS and other accredited laboratories. Since the establishment of GOIEC, it is mandatory that a sample be sent to the institute, most of the time for the sole purpose of classifying of the product according to HS codes. This process is a vital procedure in many cases where customs is unsure about product classification and tariffs due. Therefore, a number of different bodies legally have the rights to take samples of the imported shipment for further inspection and testing.

A large number of items are repeatedly imported into Egypt. Previous rules specified that every shipment must be tested to verify its conformity to standards requirements, irrespective of whether the preceding shipments were accepted or rejected, meaning inspection and testing must be repeated each time. The EOS has recently used past history of products, manufacturers, exporters and importers for clearing imported goods. When first the product is imported, has to go through full inspection. If it is imported frequently within a year and each time all inspection procedures are cleared, then the



product has a history file making it go through reduced inspection afterwards. The exporter gains accreditation with the more shipments that are imported into Egypt.

## **Product Certification**

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The Egyptian Quality Mark scheme is based on the international standards listed in the ISO/IEC Guide 28/1982.

Presidential decree No. 392/1979 stipulates that EOS is the national authority in the Arab Republic of Egypt to grant licenses permitting the application of the quality to industrial goods and products. Such licenses are only available for domestically produced goods, since acquiring such a quality mark involves not only the testing of the product, but also the inspection of the whole production line, similar to ISO accreditation. Hence, it is not viable for imported products, since inspection of the actual production company will have to take place.

In 1996, a Ministerial Decree No. 180 stated that all imports must abide by Egyptian product standards. In the case where there are no Egyptian standards that fit in with a specific imported product then the international standards listed below, in order of precedence, are acceptable:

- International Standards- ISO/IEC
- European Standards (EN)- if there are none, then British Standards (BS), German (DIN), French (NF) standards are applied
- American Standards (ANS)
- Japanese Standards (JIS)
- Codex Standards for food products.

In the absence of an Egyptian or international standard, authorities often will refer to the Analysis Certificate accompanying the product.

### **Certification:**

All certificates issued concerning the shipment's details, must be countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin.

## **Accreditation**

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Presidential Decree 312/1996 established the [Egyptian Accreditation Council](#) (EGAC), a governmental organization. EGAC has contracted with UKAS of the United Kingdom to provide technical assistance during the early stage of its function

EGAC/UKAS joint accreditation will be practiced for a transition period. The accreditation activity is to be carried out according to the relevant international requirements (ISO/IES guides 58,61,62,65 and 66 as well as ISO/IEC TR 17010 and 17020). Accreditation activity covers: product certification, system certifiers, inspection bodies, and testing and calibration laboratories and personnel certifiers.

## **Publication of Technical Regulations**

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The Egyptian Accreditation Council (EGAC) is currently publishing a directory for all the companies that have been accredited for ISO 9000 or ISO 14000 certificates.

The EOS library is the only library in Egypt specializing in the field of Standard Specifications and its related publications.

The library has more than 160,000 standard specifications in the form of complete groups, among these are 4000 Egyptian standards, and standards groups of more than 30 countries and regional and international organizations such as ISO, IEC, CODEX, and AIDMO as well as foreign standardization organizations. The library has also a large collection of catalogues, specification guides, bulletins, and magazines in the field of Standardization and its related activities alongside some references, books, and specialized dictionaries.

## **Labeling and Marking**

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Most imports require certain labeling and packaging requirements, especially food products.

### **Labeling requirements:**

Production and expiration dates must be clearly shown on the package. Information on the label cannot be easily erased, scratched or altered. Information must be written in Arabic also. Dates are accepted in English, but the words "production" and "expiry" must be written in Arabic. The label must include: -

- Name and address of manufacturer;
- Brand or trade mark (if applicable);
- Country of origin, type of product;
- Name and address of importer;
- Production and expiration dates;
- Product use instructions (optional);
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;
- If preservatives are being used- percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or "Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside.

The label on the meat must include the following:

- Country of origin
- Producer's name and logo
- Name of slaughterhouse
- Slaughter date
- Name and address of importer
- Name of entity, which issued the "Islamic slaughter" definition.

The Commercial Office in the Egyptian Embassy or Consulate in the country where the product originated must then approve all these labeling requirements.

**Packaging requirements:**

Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

**Multiple product samples:**

Sampling and inspection duties are mainly carried out by the GOIEC, however, some products may be subject to inspection by other concerned institutions. GOIEC has been authorized to assume inspection and certification functions without referral to any higher authority, but for the food industry, for example, there are 3-4 bodies involved that have the right to take samples from any imported shipment. They are:

- The Radiation Department of the Ministry of Energy and Electricity
- The Ministry of Health
- The Ministry of Agriculture (Veterinary Office)
- The Ministry of Supply (Import and Export Control)

Each agency draws its own sample and tests it independently.

**Shelf- life standards and product specifications:**

In 1994, the government issued a decree that all food products should have at least 50% of the established shelf life remaining at the time of importation into Egypt. Moreover, Egypt applies shelf life standards to certain non-food imports such as syringes and catheters. Exporters to Egypt must be aware that import and custom procedures take a period of no less than 2 weeks; hence, expiration dates must be at least twice that length of time.

## Trade Agreements

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Egypt is involved globally in several intra and inter- regional trade agreements, both multilateral and unilateral, including preferential trade agreements with the E.U., the U.S., Arab, African and European countries, some of which are:

- Agreements with Arab countries
- The General Agreement on Tariffs and Trade (GATT)
- The General Agreement on Trade in Services (GATS)
- Europe Mediterranean Partnership Agreement
- The Common Market for Eastern and Southern Africa (COMESA)
- Trade and Investment Framework Agreement (TIFA)
- Pan Arab Free Trade Area (PAFTA)

Moreover, Egypt has signed several bilateral agreements with Arab Countries; Jordan (December 1999), Lebanon (March 1999), Libya (January 1991), Morocco (April 1999), Syria (December 1991), Tunisia (March 1999). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt also signed an economic treaty with Russia.

Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>  
American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>  
U.S. Embassy: <http://usembassy.egnet.net>  
USAID in Egypt: <http://www.usaid-eg.org/>  
U.S. Department of Commerce, Bureau of Industry and Security:  
<http://www.bis.doc.gov/index.htm>  
Ministry of Foreign Trade and Industry: [http://www.mfti.gov.eg/e\\_index.htm](http://www.mfti.gov.eg/e_index.htm)  
Model Customs Tax Center: <http://www.mctc.gov.eg/>  
Standards Information: <http://www.mitd.gov.eg/English/affiliates/EOS/Eos.htm>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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The government of Prime Minister Nazif has made increasing foreign investment a major goal of its economic reform program and strategy for fostering private sector-driven growth. Egypt faces a significant challenge in improving living standards and increasing employment opportunities for its growing population. The new Ministry of Investment (MOI), created in the Cabinet shuffle of July 2004, handles privatization of state-owned enterprises (except for banks, which are handled by the Central Bank) and coordinates among various ministries with investment-related areas of responsibility including the Capital Market Authority, the Egyptian Insurance Supervisory Authority, the General Authority for Real Estate Mortgage Affairs and the General Authority for Free Zones and Investment (GAFI).

### KEY LAWS GOVERNING FOREIGN INVESTMENT:

**Investment Incentives Law 8 of 1997:** This law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry from the crowded Nile Valley area. The law and its executive regulations and amendments provide over 20 investment incentives. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Other key provisions include: guarantees against confiscation, sequestration, and nationalization; the right to own land; the right to maintain foreign-currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; and equal treatment regardless of nationality.

The new Income Tax Law enacted in June 2005 eliminated some of the incentives in the Investment Incentive Law, namely all corporate tax exemptions and tax holidays that the

latter law had authorized for newly established companies. The new tax law also repealed tax deductions extended to companies listed on the stock exchange. The tax incentives were not eliminated retroactively, however, so all existing companies will continue to receive their tax incentives until the end of the period stipulated when the company was established.

Under the Investment Incentives Law, qualifying investments in various fields are assured approval, effectively creating a "positive list." These fields include land reclamation; fish, poultry, and animal production; industry and mining; tourism (covering hotels, motels, tourist villages, and transportation); maritime transportation; refrigerated transportation for agricultural products and processed food; air transportation and related services; housing; real estate development; oil production and related services; hospitals and medical centers that offer 10 percent of their services free of charge; water pumping stations; venture capital; computer software production; projects financed by the Social Fund for Development; and leasing. Projects in certain fields, however, still require special approval from relevant ministries. Such projects include: any investments in the Sinai and any investments related to military production and related industries.

Procedures for obtaining approval to establish new companies are becoming simpler and waiting times shorter than in the past. In January 2005, GAFI abbreviated a number of approval procedures and created a "One-stop-shop" to interface with other government ministries on behalf of new investors and provide after-care services for existing companies. The One-stop-shop has reportedly shortened waiting times for approval of new investments down to an average of 72 hours. The system has been computerized and in some instances regulations have been eased to enable a company to begin operating pending security clearance. While not a legal requirement, in practice all proposed foreign investments are scrutinized by the security services, which has in the past caused significant delays in the approval process.

**Companies Law 3 of 1998:** This law applies to domestic and foreign investment in sectors not covered by the Investment Incentives Law, whether shareholder, joint stock, limited liability companies, representative offices, or branch offices. The Companies Law permits automatic company registration upon presentation of an application to GAFI, with some exceptions. These exceptions include companies whose owners have founders have failed to comply with procedures and laws in the past, as well as companies whose founders have demonstrated insufficient qualifications to operate a business. The law does provide a right to petition a denial of incorporation. It also removes a previous legal requirement that at least 49 percent of shareholders be Egyptian; allows 100 percent foreign representation on the board of directors; and strengthens accounting standards. Founders of joint stock and limited liability companies must submit a bank certificate to GAFI showing that 10 percent of the company's issued capital has been paid in.

#### **OTHER LAWS GOVERNING FOREIGN INVESTMENT:**

**Land/Real Estate Law 15 of 1963:** This law explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases). Prime Ministerial Decree No. 548 for 2005 removed restrictions on foreign property ownership in a number of tourist and new urban areas, namely the Red Sea, Hurghada, Sidi Abdel-Rahman and Ras Al-Hekma in Matrouh Governorate. Foreign individuals are still, however, limited to ownership of a maximum

of two residences in Egypt. Companies/citizens of other Arab countries have customarily received national treatment in this area.

**Public Enterprise Law 203 of 1991:** Egypt has an ongoing privatization program under the Public Enterprise Law for the sale of several hundred wholly or partially state-owned enterprises and all public shares of at least 660 joint venture companies (joint venture defined as mixed state and private ownership, whether foreign or domestic). The law permits sales to foreign entities. Law 203 was amended in 1998 to allow the general assemblies of the public holding companies that manage public enterprises in a particular sector to accept bids below the initial reserve price. Only around 10 companies have been sold under this provision since that time.

**Capital Market Law 95 of 1992:** This law and its amendments and regulations govern Egypt's capital markets. In 1998, the government made significant amendments and changes to the law to strengthen stock market regulations against fraud, price manipulation, and insider trading. Foreign investors can buy shares on the Cairo and Alexandria Stock Exchange (CASE) on the same basis as local investors.

**Maritime Law 1 of 1998:** This law amended the General Egyptian Maritime Organization Law 12 of 1964. The Maritime Law permits the private sector, including foreign investors, to conduct most maritime transport activities, including loading, supplying, and ship repair.

**Electricity Law 18 of 1998:** This law amended Law 12 of 1996 to allow the government to sell minority shares of electricity distribution companies to private shareholders, both domestic and foreign.

**Tenders Law 89 of 1998:** This law amended the Tenders and Bidding Law 9 of 1983 governing foreign companies' bids on public tenders. It required the government to consider both price and best value in awarding contracts and to issue an explanation for a bid's refusal. However, the law retained preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent.

**Insurance Law 156 of 1998:** This law amended Law 91 of 1995, removed the 49 percent ceiling on foreign ownership of insurance companies, authorized privatization of state-owned insurance companies, and abolished the ban on foreign nationals serving as corporate officers.

**Commercial Law 17 of 1999:** This law has more than 700 articles covering general commerce, commercial contracts, banking transactions, commercial papers (including checks), and bankruptcy.

**Central Securities Depository and Registry Law 93 of 2000:** This law allows bookkeepers and companies dealing in central depository instruments to dematerialize shares (i.e. replace physical entries for securities to book entries).

**Special Economic Zones Law 83 of 2002:** This law authorized establishment of special zones for industrial, agricultural, and service activities that are mainly export-oriented. Firms operating in these zones enjoy incentives and facilities designed to encourage increased local and foreign investment in export-producing sectors.

**Telecommunications Law 10 of 2003:** This law stipulated that Telecom Egypt (TE) would relinquish its monopoly status as Egypt's domestic operator and sole international operator by January 2006. The law also provided for greater price flexibility for shares of TE in public offerings.

**Banking Law 88 of 2003:** This law replaced a number of laws that regulated the Central Bank of Egypt and the banking sector, dealings in foreign exchange, account secrecy, and private ownership of public sector banks. The law strengthened prudential banking regulations, raised minimum capital requirements for banks and foreign exchange bureaus, and re-affirmed the government's authority to privatize public sector banks.

**Oil & gas exploration and development:** These sectors are subject to different procedures, with an individual law required for each investment. Companies are initially granted exclusive rights for exploration in a concession area. If commercial discoveries are found, a joint venture with the state-owned Egyptian General Petroleum Company is formed, based on a standard production sharing agreement that is specified in the law for the concession.

With regard to privatization of public enterprises the MOI has made enterprises in all sectors subject to privatization, and has sold entities in the construction, petroleum and telecoms sectors, all previously considered "strategic" sectors and therefore not part of the privatization program. Several of these sales have been made to foreign investors, who are treated equally to local investors in the privatization process. The MOI has also opened the privatization program to include services and some public utilities. Some infrastructure areas, including ports and airports, power generation, and cellular phone networks have also been opened to private investors on a build-own-operate-transfer (BOOT) basis. Foreign companies have won major BOOT tenders in power generation and airport and maritime port construction. Since 2002, however, the government has suggested that BOOT projects that require payment for their services in foreign exchange will also be required to generate foreign exchange revenues.

A variety of privatization methods are currently in use by the MOI, including asset unbundling and leasing with options to buy. Incentives, including five-year tax exemptions (notwithstanding the new tax law) and the removal of real estate value from company valuations, have been announced for the sale of 61 companies that have been identified as distressed or loss makers. The MOI is also restructuring public enterprises that are facing difficulties in remaining afloat. The restructuring is tailored individually to lead to eventual sale of the enterprises in the medium to long-term. Additional incentives have been used to make public enterprises more attractive to investors, including allowing the transfer of excess and idle assets, some working capital items, and liabilities to the public holding companies responsible for all public entities in a particular sector. Bidding criteria for privatizations are generally clear and transparent.

Investors have traditionally identified valuation and commitment, as reflected in the pace of execution of deals, as the two primary obstacles to effective privatization in Egypt. While the government's commitment and the pace at which it has concluded privatizations have increased markedly under the Nazif administration, privatization remains controversial in Egypt. Opposition to the policy has not succeeded, however, in slowing the new pace of privatization.



While the Nazif administration has taken significant steps to attract foreign investment, certain informal barriers still exist. For example, foreigners are prohibited from functioning as Commercial Agents and Traders. In the banking sector, the Central Bank has not issued a new commercial banking license in almost 20 years. In practice, the only way for a new bank, whether foreign or local, to enter the market (except as a representative office) is to purchase an existing bank. In the past year, the government has sold its shares in several joint venture banks to foreign banking entities. In the insurance sector, the government has stated that it will not issue licenses for new insurance companies, in order to focus investor attention on privatization of the existing firms. Therefore, as in the banking sector, foreign firms can only enter the Egyptian insurance market through purchase of shares in existing insurance firms.

Pharmaceutical prices remain controlled, although the government has decontrolled prices of many other industrial products. The government uses a standard cost-plus formula to determine pharmaceutical prices for new-to-market products. Most pharmaceutical companies rely heavily on imported goods, so the significant devaluations of the Egyptian Pound since 2000 have sharply reduced their profitability. The Ministry of Health and Population has revised prices on existing pharmaceuticals over the last few years, but in a selective manner that has precluded price adjustments for the majority of domestic and foreign pharmaceuticals.

Other obstacles to investment include excessive bureaucracy; a shortage of skilled mid-level management; limited access to credit facilities; slow and cumbersome customs procedures in some areas; and non-tariff trade barriers. The Egyptian judicial system, which generally upholds the sanctity of contracts, is extremely slow and can take several years to process cases. The judicial system is also subject, in some cases, to political influence.

Overall, the government's efforts to attract foreign investment appear to have paid off, particularly in portfolio investment. The CASE was the best performing emerging country stock market in the world for the past two years. Foreign direct investment, particularly greenfield investment in non-energy sectors, has not grown as rapidly, but many companies that are already present in the Egyptian market have increased their investments.

## **Conversion and Transfer Policies**

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Since January 2003, Egypt's stated policy has been a free-floating foreign exchange rate regime, with all banks free to set their own rates. The Central Bank posts an average rate at the end of each day based on reported transactions, which serves as a market guideline. The Egyptian Pound (the Pound or LE) depreciated significantly in 2003 and early 2004, reaching LE 6.22/\$1 in mid-2004. In late December 2004, the Pound suddenly appreciated to LE 5.73-5.83/\$, where it has remained since. Despite claims by the government to the contrary, evidence indicates that the Central Bank is managing the exchange rate to maintain its current level, despite significant upward pressure on the Pound. The government's actions to improve liquidity, including abolishing the foreign exchange surrender requirement in December 2004, have led to vastly improved access to foreign exchange and the complete elimination of the parallel market.

Egyptian law allows individuals and businesses to conduct all normal foreign exchange transactions, including establishing foreign exchange accounts and transferring foreign exchange in and out of Egypt. Authorized banks may provide the full range of foreign exchange transactions, including accepting deposits, executing transfers, and opening letters of credit. Foreign currency is available at banks and foreign exchange bureaus.

The 1992 U.S.-Egypt Bilateral Investment Treaty provides for free transfer of dividends, royalties, compensation for expropriation, payments arising out of an investment dispute, contract payments, and proceeds from sales. Transfers are to be made in a "freely convertible currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred."

The Investment Incentives Law stipulates that non-Egyptian employees hired by projects established under the law are entitled to transfer their earnings abroad. Conversion and transfer of royalty payments are permitted when a patent, trademark, or other licensing agreement has been approved under the Investment Incentives Law.

Banking Law 88 of 2003 regulates the repatriation of profits and capital. The government has repeatedly emphasized its commitment to maintaining the profit repatriation system to encourage foreign investment in Egypt. The current system for profit repatriation by foreign firms, announced in late June 2002, requires sub-custodian banks to open foreign and local currency accounts for foreign investors (global custodians), which are exclusively maintained for stock exchange transactions. The two accounts serve as a channel through which foreign investors process their sales, purchases, dividend collections, and profit repatriation transactions using the bank's posted daily exchange rates. The system is designed to allow for settlement of transactions in less than two days.

## **Expropriation and Compensation**

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As noted previously, the Investment Incentives Law provides guarantees against nationalization or confiscation of investment projects under the law's domain. The law further guarantees against seizure requisition, blocking, and placing under custody or sequestration. It also offers guarantees against full or partial expropriation of real estate and investment project property. The U.S.-Egypt Bilateral Investment Treaty, in force since 1992, also provides protection against expropriation.

While the national government does not generally expropriate property, there have been reports of local authorities in governorates expropriating land from private firms. While the governorates offered compensation, it was not sufficient to meet the expectations of the firms. Private firms are able to take cases of expropriate to court, but as noted previously, the judicial system is very slow and can take several years to resolve a case.

## **Dispute Settlement**

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Although previous administrations had moved very slowly to resolve investment disputes, the Nazif administration made investment dispute resolution a priority. The government resolved the concerns of two major foreign investors through

enactment of new legislation in mid-2005. A number of disputes with U.S. investors, however, remain unresolved. These disputes involve widely differing issues, and do not appear to reflect a pattern or any discrimination against U.S. investments. The U.S. Embassy recommends that U.S. companies put clauses specifying binding international arbitration of disputes in their commercial agreements.

Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1971 and is a member of the International Center for the Settlement of Investment Disputes (ICSID), which provides a framework for arbitration of investment disputes between the government and foreign investors from another member state, provided that the parties agree to such arbitration. Without prejudice to Egyptian courts, the Investment Incentives Law recognizes the right of investors to settle disputes within the framework of bilateral agreements, the ICSID or through arbitration before the Regional Center for International Commercial Arbitration in Cairo, which applies the rules of the United Nations Commissions on International Trade Law. The U.S.-Egypt Bilateral Investment Treaty, in force since 1992, allows for the possibility of an investor to take a dispute with a party directly to binding third-party arbitration. The Egyptian courts generally endorse international arbitration clauses in commercial contracts. For example, the Court of Cassation has, on a number of occasions, confirmed the validity of arbitration clauses included in contracts between Egyptian and foreign parties.

Egypt adheres to the 1958 New York Convention on Enforcement of Arbitrary Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States. An award issued pursuant to an arbitration that took place outside Egypt may be enforced in Egypt if it is either covered by one of the international conventions to which Egypt is party or satisfies the conditions set out in the Arbitration Law.

Egypt's Dispute Settlement Law 27 of 1994 also provides for the arbitration of domestic and international commercial disputes and limited challenges of arbitration awards in the Egyptian judicial system. The law was amended in 1997 to include disputes between public enterprises and the private sector. The Egyptian judicial system functions extremely slowly, and cases can often remain in the system for several years. Arbitral awards are made in the original currency of the transaction, via the competent court in Egypt, usually the Cairo Court of Appeal. A special order is required to challenge an arbitration award in an Egyptian court. To enforce judgments of foreign courts in Egypt, the party seeking to enforce the judgment must obtain an exequatur. To apply for an exequatur, the normal procedures for initiating a lawsuit in Egypt must be satisfied. Moreover, several other conditions must be satisfied, including ensuring reciprocity between the Egyptian and foreign country's courts and verifying the competence of the court rendering the judgment.

With regard to bankruptcy, Egypt does not have a bankruptcy law per se, but the Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues that are crucial to the reduction of settlement risks. The government is currently undertaking a comprehensive review of Egypt's commercial legislation, and should address the current legal shortcomings regarding regulation of bankruptcy. The review is expected to take several years.

**Performance requirements:** No performance requirements are specified in the Investment Incentives Law. The ability to fulfill local content requirements is no longer a prerequisite for approval to set up assembly projects, but assembly industries still must meet a minimum local content requirement of 40 percent to benefit from customs tariff reductions on imported industrial inputs. Oil and gas exploration concessions, which do not fall under the Investment Incentives Law, do have performance standards, which are specified in each individual agreement and which generally include the drilling of a specific number of wells in each phase of the exploration period stipulated in the agreement. The Labor Law 12 of 2003 requires that foreign workers account for no more than 10 percent of the total workforce of a firm. This law's requirements do not apply to the oil and gas industry, but most or all individual concession agreements have some sort of requirement on percentage of local employees.

**Tax Incentives:** As noted previously, parliament passed a new personal and corporate income tax law in July 2005. The law eliminated tax incentives for new businesses, but reduced all taxes by 50 percent. The law also changed the relationship between the Tax Authority and taxpayers, requiring taxpayers to do a self-assessment and then submit a tax return, which can be audited by the Tax Authority. Under previous legislation, the Tax Authority assessed all taxpayers' returns and presented a bill, a process that could take several years. The Minister of Finance has publicly stated that the new, reduced tax rates and a greater level of trust between taxpayers and the government will encourage economic actors in Egypt's large informal sector to register their enterprises and begin paying taxes. Domestic and foreign individuals and businesses are treated equally under the new tax law. The executive regulations of the new tax law were issued in late 2005.

**Communities Law 3 of 1998:** All incentives under this law were removed with the new income tax law, but the government is developing a new set of incentives for investment in communities covered by this legislation. The government has not announced a timeline for enactment of the new incentives.

**Pricing and Customs Preferences:** By law, the government may not intervene to set the prices or profits of companies established under the Investment Incentives Law, except for pharmaceuticals, as noted previously.

**Geographical Areas:** There are no formal legal geographical restrictions on investments, however, due to congestion in Cairo, the government generally denies approval for investments in manufacturing facilities in Cairo, unless a compelling economic rationale exists. The government also offers incentives to move existing manufacturing facilities out of Cairo. Upon request, government officials will assist investors in locating a site for a project, often in one of the new industrial sites located outside Cairo and will sometimes provide necessary infrastructure. In addition to the new industrial sites outside Cairo, the government has targeted Upper Egypt (Upper Egypt refers to governorates in southern Egypt) for development by private investors. Land in industrial zones in Upper Egypt is offered free of charge. The government will also provide hookups to infrastructure (water, sewer, electricity, and gas) and transfer land titles to the developer three years after project startup.

**Research & Development (R&D) Projects:** Large-scale R&D activities in Egypt are modest, with total spending on all government research institutes in 2004 registering around \$500 million, which also covers running costs. The majority of government-funded R&D programs are in agriculture, health, and, to a lesser extent, in the manufacturing sector. There is no discrimination against U.S. or other foreign firms wishing to participate in R&D programs in Egypt. Most Egyptian R&D programs are established by government initiative to target specific problems and opportunities. Donor support plays an important role in Egypt's R&D activities, constituting about 15 percent of total R&D spending.

**Import and Export Policies:** There has been significant progress in trade reform under the Nazif government. Shortly after taking office, the new government cut tariffs sharply and simplified the customs regime to stimulate trade and economic development. The government removed GATT-inconsistent services fees and import surcharges, reduced the number of ad valorem tariff rates from 27 to 6, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized national sub-headings above the six-digit level of the Harmonized System. As a result of this reform, Egypt's average weighted tariff rate fell from 14.6 percent to 9.1 percent and the number of ad valorem tariff rates was reduced from 27 to 6. The government also eased or lifted a number of restrictions on U.S. products over the last year. Tariffs on fabric imports were significantly reduced and tariffs on clothing were finally made consistent with Egypt's WTO commitments. A BSE-related ban on U.S. beef imports was lifted in early 2005, and a requirement that beef imported for direct consumption contain no more than 7 percent fat content was made voluntary.

In October 2005, new import and export regulations were issued, which reduced the number of imported goods subject to inspection by the General Organization for Export and Import Control (GOEIC) and permitted importers to provide their own certificates of health and safety conformity from any internationally accredited laboratory inside or outside of Egypt. The new regulations also transferred responsibility for issuing and reviewing certificates of origin from GOEIC to the Egyptian Customs Administration.

Despite the government's sweeping customs/tariff reform and easing of import restrictions, significant problems remain. The WTO Customs Valuation Agreement has not been fully implemented four years after it was introduced in Egypt. As a result, importers face a confusing mix of new invoice-based and old reference-price valuations. Acknowledging these problems, the Ministry of Finance has reiterated its commitment to fully implement the WTO Customs Valuation Agreement and is working in concert with USAID, which is funding a comprehensive five-year, \$20-million customs reform project.

A number of non-tariff barriers or bans continue in force to protect local producers. Mandatory quality-control standards make importing certain products into the Egyptian market difficult. Over 130 categories of imports are still subject to mandatory quality-control inspections, including foodstuffs, appliances, electrical products, and auto parts. Although the government says that the quality control standards are applied equally to imports and domestically produced goods, in practice, imports are scrutinized more rigorously by multiple government agencies. At best, enforcement is opaque.

Many U.S. agricultural products also face burdensome import licensing requirements. Although a ban on whole poultry was lifted in July 1997, the government continues to ban the importation of poultry parts, claiming that they are not processed in accordance

to halal (religious) requirements. Health food products such as low-calorie foods, diet pills, and vitamins also face informal barriers to trade. These products must obtain a special registration from the Food Institute of the Ministry of Health, which can take months to process. Products with domestic substitutes have experienced substantial delays, some as many as six months to one year.

Shelf-life standards also act as an indirect trade barrier. Egypt sets the shelf life of many imported products using non-science based standards that do not recognize quality, safety, and technological differences between producers. By government decree, imports (mainly food products) must have 50 percent or more of their shelf life remaining. The government is reviewing Egypt's shelf life standards to make them more science based and WTO-consistent.

The import inspection process remains confusing, despite the designation of the GOEIC as the coordinator for all import inspections. The Ministries of Health and Agriculture maintain their own inspection units and procedures. Imported refrigerated containers of foodstuffs typically take 25 days to clear customs. While two-month delays were common in the past, overall customs clearance times are improving, and import inspections now typically take three to four weeks.

Ministerial Decree 619 of 1998 required a certification of origin for imports and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. The decree was amended in late 1999 to ease requirements for the certificate of origin and allow shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Company invoices noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office can now be used as certificates of origin. Ministerial Decrees 577 and 580 of 1999 require cars to be imported in the year of production. In 2000 the decree was amended adding one year after the year of production to the period during which passenger vehicles can be imported. Since May 1999, the Central Bank of Egypt has required 100 percent coverage for credit lines opened for goods imported by traders for resale purposes.

In June 2002, Parliament approved the Export Promotion Law 155 of 2002, which aimed to improve the duty drawback and temporary admission systems for exporters by establishing a central unit under the joint supervision of the Ministries of Finance and Foreign Trade and Industry to monitor and streamline the systems. The duty drawback system requires full custom duties to be paid on semi-finished imports. There is a one-year time limit for re-exporting these imports as part of a final product in order to have the right to claim a full rebate of the duties and taxes paid. In November 2002, the Ministries of Finance and Foreign Trade and Industry jointly inaugurated the new temporary-admissions unit at the Port of Alexandria, a first step in a plan to upgrade operation of the temporary-admissions system at all ports of entry in the country.

The Export Promotion Law also established an "export promotion fund," to promote Egyptian exports and increase their share in foreign markets, but the specific activities of the fund have not yet been determined. To date the fund has not been used to subsidize exports. The law's executive regulations have not yet been issued but separate implementing decrees have been issued.

Egypt only rarely provides agricultural export subsidies and does not impose export performance requirements. Exports of scrap iron are subject to a levy of LE 225 per ton

to ensure a sufficient supply for the domestic steel industry. As noted above, exporting industries, including Investment Incentives Law projects, are required to pay the full customs rate on imported inputs but receive a rebate of duties and taxes when they export finished products. Although exporters had previously reported lengthy delays in the customs rebate process, recent rebate transactions have been processed faster and more efficiently than in the past. The paperwork process associated with import-export transactions also has been simplified and updated.

## **Right to Private Ownership and Establishment**

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**By law, foreign and domestic private firms have the right to establish and own business enterprises and engage in all forms of remunerative activity, except for the restrictions on foreign business noted previously. Private enterprises may freely establish, acquire and dispose of interests in business enterprises. In practice, private firms sometimes find themselves at a disadvantage when competing for resources with state-owned firms. For example, state-owned firms often have easier access to bank credit from the state-dominated banking system than do private firms, whether domestic or foreign.**

## **Protection of Property Rights**

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The Egyptian legal system provides protection for real and personal property, but laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. The Nazif government has set modernization of laws on real estate ownership and tenancy as a priority for 2006. There are price controls on older residential and commercial real estate property resulting in apartment rents as low as \$10 per month. These rent controls do not apply to real estate put into service in recent years. There are no restrictions on foreign ownership and rental of non-agricultural real estate in Egypt although specific procedures are required in some cases depending on the geographical location and building codes in different governorates.

The mortgage facility in Egypt remains underdeveloped. In June 2001 the People's Assembly passed Real Estate Mortgage Law 148 for 2001. The law authorized both banks and non-bank mortgage companies to issue mortgages, provided clear procedures for foreclosure on property of defaulting debtors and established the General Authority for Real Estate Mortgage Affairs. In May 2002 parliament lowered property registration fees and approved amendments to the Banks and Credit Law that regulated mortgage activities in banks. Real estate registration fees were again lowered in 2003 and early 2004. Amendments to both the Capital Market and Real Estate Mortgage laws passed in June 2004 allowed for the issuance of mortgage-backed securities. Two real estate finance companies were established in the first half of 2004 and one of the two companies started issuing mortgages in the second quarter of 2004. Despite these efforts, the mortgage market remains in its infancy in Egypt.

For information on protecting your Intellectual Property Rights, see Chapter 3 [Protecting Your Intellectual Property](#).

## **Transparency of Regulatory System**

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The Nazif administration has made considerable effort to improve the transparency of government policy. The process has proven difficult, however, given the extremely opaque policies in place prior to Nazif's taking office and resistance from entrenched bureaucratic interests. Significant obstacles continue to hinder private sector investment, including the often-arbitrary imposition of bureaucratic impediments and the length of time needed to resolve them. Customs officials still have significant flexibility in classifying goods. Although Egypt acceded to the WTO's Customs Valuation Agreement in 2001, its implementation is still not fully effective. Continued delays in issuing the executive regulations for the Export Promotion Law has hindered progress in speeding up the import and export clearance processes. Enforcement of health and safety regulations is uneven and is complicated by a multiplicity of laws, agencies, and opinions. For example, at least four ministries regulate the operation of restaurants.

Law 89 of 1998 amended the Tenders and Bidding Law 9 of 1983 to improve equality and transparency in government procurement. Key provisions of the law include: a prohibition on reopening negotiations after final bids have been received; more transparency in the criteria for bid acceptance and rejection; equality among bidders, contractors, and government agencies; more weight given to the technical aspects of a tender or bid; protection of contractor rights; reduction of insurance fees; immediate return of deposits once the government announces bid or tender results; and the establishment of a Central Office for Complaint Resolution in the Ministry of Finance.

In January 2005, parliament approved an antitrust bill – the Law on Protection of Competition and Prohibition of Monopolistic Practices. A new quasi-governmental body, the Egyptian Competition Authority was also created to implement the law. Funding for the new agency comes from direct government appropriations and/or donations from professional or academic bodies. The Ministry of Investment also issued corporate governance guidelines as Ministerial Decree No. 332 in October 2005. The non-binding guidelines – formulated along the lines of OECD principles – apply to private sector share-holding and limited-liability companies, in addition to brokerages.

Accounting standards in government entities are still not fully consistent with international norms, although efforts are moving in that direction and a new draft accounting and auditing law is moving through the legislation process. The Ministry of Finance recently changed its budget classification system to meet IMF standards. Since 1997 the Central Bank has required banks to apply international accounting standards and to publish an annual financial report based on these standards. In 1998, the Capital Market Authority instructed companies listed on the stock exchange to adopt international accounting and auditing standards.

Egyptian law does not require that proposed legislation be published prior to consideration in parliament. In practice, however, proposed legislation is occasionally circulated among concerned parties such as business associations and labor unions. Responsiveness on the part of legislators to feedback received from concerned parties is questionable. After approval by parliament, new legislation is published in the Official Gazette.

## **Efficient Capital Markets and Portfolio Investment**

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The Nazif administration has taken steps to streamline capital markets and overcome years of stagnation in the banking system, which had led to poor access to credit for the



private sector and a resulting lack of economic growth. Credit in the banking system is increasingly allocated on market principles and policy interest rates are now more market-determined than under previous administrations. Foreign investors have equal access to credit, though the public sector still absorbs a significant portion of the available credit.

The Capital Market Law 95 of 1992, along with the Banking Law of 2003, constitutes the primary regulatory framework for the financial sector. The law granted foreigners full access to capital markets, and authorized establishment of Egyptian and foreign companies to provide underwriting of subscriptions, brokerage services, securities and mutual funds management, clearance and settlement of security transactions, and venture capital activities. The law also authorized the issuance of corporate bonds and bearer shares, and made income from most stocks and bonds non-taxable. It established mechanisms for arbitration and legal dispute resolution and prohibited unfair market practices. The law also established the Capital Market Authority (CMA) as an independent supervisor for the securities industry. The CMA is currently under the authority of the Ministry of Investment.

The CMA and the Cairo and Alexandria Stock Exchange (CASE) regularly publish reports on trading and market conditions. The Central Securities Depository and Registration Law and its executive regulations, issued in 2000, aimed at easing the registration and deposit of securities. In June 2002 the CMA approved establishment of the first mutual fund authorized to discount commercial bills. Stocks are now de-listed from the exchange if not traded for six months. Settlement of transactions now takes three days for dematerialized issues, four days for materialized issues and two days for 14 active stocks that are not bound by the five percent daily price movement ceiling.

Although Egyptian law and regulations allow companies to adopt bylaws limiting or prohibiting foreign ownership of shares, only one company listed on the stock exchange has such restrictions. A significant number of the companies listed on the exchange are family-owned or dominated conglomerates, and free trading of shares in many of these ventures, while increasing, remains limited.

In 2002, the then Minister of Foreign Trade added an additional chapter to the executive regulations of the Capital Market Law to allow margin trading to increase liquidity and trading in the market through brokerage firms and financially solvent licensed companies. The CASE expects margin trading and other tools, such as short selling to be activated in the early part of 2006, in addition to online trading. In April 2003, the U.S. Securities and Exchange Commission included the CASE in its list of accredited stock exchanges, allowing U.S. financial institutions to invest in the Egyptian stock market without undertaking the cumbersome procedures previously required.

Leasing Law 95 of 1995 allows for the leasing of capital assets and real estate and was designed to reduce the high start-up costs faced by new investors. Notably, the law specifically allowed for the purchase of real estate assets through leasing mechanisms. The Leasing Law was amended in 2001 to make leasing more attractive for investors by exempting financial leasing activities from the sales tax and fees, specifying financial standards that leasing companies must adhere to, increasing the control, organization and efficiency of the leasing activities and incorporating clear guarantees to the parties involved to encourage investments.

The Egyptian commercial banking system had total assets of LE 519 billion (\$92 billion) and total deposits of LE 539 billion (\$95 billion) at the end of November 2005, according to Central Bank statistics. Four state-owned banks (National Bank of Egypt (NBE), Bank Misr, Banque du Caire, and Bank of Alexandria (BOA)) account for around 50 percent of total assets, down from 65-70 percent in the early 1990's. The smallest of the public banks, BOA, is slated for privatization by the end of the first quarter of 2006. BOA's privatization is largely believed to be a test case for further privatization of the remaining public banks. The Central Bank also announced plans in September 2005 to merge Banque du Caire with Banque Misr, creating the second largest public bank after NBE. This process is bound to take some time, and the Central Bank has not set a deadline for the merger.

The profitability of public sector banks remains weak, partly due to high provisioning requirements that absorbed in excess of 50 percent of their pre-provision profits in the past few years, reflecting the banks' poor asset quality, which has consistently compromised their profitability. The banking sector as a whole, but particularly the public banks, has faced problems with non-performing loans granted to loss making state-owned enterprises and private businesses. According to government estimates, non-performing loans account for roughly 16 percent of total loans outstanding, but some outside observers put it even higher. Despite the increases in provisioning, most observers believe the state-owned banks are still significantly under-provisioned. In early January 2006, the government announced that an agreement had been reached between the Ministry of Finance, the Central Bank of Egypt and the BOA for settlement of public sector debt to BOA, on the order of LE 7 billion.

## Political Violence

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Egypt suffered a number of terrorist attacks in the past 18 months, in Taba in October 2004, Cairo in April 2005 and Sharm el Sheikh in July 2005. These incidents appear to be aimed at undermining government authority via the tourist sector. The incidents were not directed at foreign investors or their property, though they targeted hotels and areas frequented by foreign tourists. Although tourist numbers decreased somewhat in the immediate aftermath of these events, the decrease was temporary and the inflow of tourists continues to increase steadily. The government has increased security in tourist areas following these incidents; all Americans are urged to be vigilant and exercise good security practices while in Egypt.

**Recent democratic changes have fostered a more public debate regarding the future of political reform in Egypt. This debate has generated frequent public demonstrations, most of which have remained peaceful. There have been incidents involving violence, however, but the violence was not directed toward foreigners or foreign investment.**

## Corruption

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While U.S. investors have reported corruption by lower-level government officials, they have not identified corruption as a leading obstacle to foreign investment. Corruption in Egypt is a crime. Two agencies oversee enforcement of corruption laws in the public sector— the Administrative Control Authority (ACA) under the authority of the Cabinet of

Ministers and the Illicit Gain Office under the authority of the Public Funds Prosecution of the Interior Ministry. In the private sector, there are two types of corruption cases, commercial and civil. Commercial cases are subject to the Commercial Law and the Dispute Settlement Law. The district attorney's office and the civil courts adjudicate civil cases. The ACA may intervene when corruption occurs in the private sector if public money and the public interest are involved.

Giving and accepting bribes are criminal acts in Egypt. Penalties include pecuniary fines and imprisonment. Bribing foreign officials is also a crime in Egypt. High-profile corruption cases since 2002 have resulted in lengthy trials, and convictions in some instances, for several former government officials, including a former Minister of Finance, former head of the Egyptian Customs Authority, and the former Governor of Giza Province. Several businessmen and prominent bankers also have been charged (and some convicted) for alleged corruption related to non-payment of loans. Enforcement of corruption laws does not appear disproportional against foreigners, but evidence indicates that cases brought to court are often politically motivated, i.e., cases tend to be brought against individuals who have fallen out of favor with the government.

Egypt is a signatory to the UN Convention Against Corruption, but has not signed the OECD Convention on Combating Bribery or any other regional anti-corruption convention. Certain government officials have recently made public statements against corruption, and the Ministry of Investment (MOI) has announced an anti-corruption initiative that will include a review of existing anti-corruption laws, and the functioning of enforcement efforts. The MOI has also identified the re-invigorated privatization program as part of the government's anti-corruption measures.

Transparency International ranked Egypt 70th out of 158 surveyed countries in its 2005 survey on perceptions of corruption.

## **Bilateral Investment Agreements**

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Egypt has signed investment agreements with over 40 other countries, including Armenia, Belgium, China, Finland, France, Germany, Greece, Italy, Japan, Libya, Luxembourg, Morocco, the Netherlands, Romania, Singapore, Sudan, Sweden, Switzerland, Thailand, Tunisia, the United Kingdom and the U.S. The U.S-Egypt Bilateral Investment Treaty, which entered into force in 1992, provides for fair, equitable, and nondiscriminatory treatment for investors of both nations. The treaty includes provisions for international legal standards on expropriation and compensation; free financial transfers; and procedures for the settlement of investment disputes, including international arbitration.

In addition to specific investment agreements, Egypt is also a signatory to a wide variety of agreements covering trade issues. In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement (TIFA) as a step toward creating freer trade and increasing investment flows between the U.S. and Egypt. In June 2001, Egypt signed an Association Agreement with the European Union (EU). Egypt's parliament ratified the agreement in March 2003, and it entered into force on June 1, 2004. The agreement provides for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products will be phased in over a twelve-year period. In recent years Egypt has worked on reaching agreements with 11 Arab League members in connection with the Arab Common Market treaty of the 1960's. These

agreements call for phasing out existing tariffs over a 10-year period, but all have long negative lists.

In February 2004, Egypt signed a free trade agreement with Jordan, Morocco and Tunisia. The Aghadir Agreement, as it is known, committed the parties to removing substantially all tariffs on trade between them by January 1, 2006, and to intensifying economic cooperation through harmonization of standards and customs procedures. The agreement has not yet entered into force, however, as Morocco has not completed its ratification. The agreement called for an immediate tariff reduction of 80 percent and complete elimination of tariffs by the end of 2005, if all parties had ratified and exchanged instruments of ratification in 2004. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998.

On December 14, 2004, Egypt and Israel signed an agreement to take advantage of the U.S. government Qualifying Industrial Zone (QIZ) program. The purpose of the QIZ program is to promote stronger ties between the region's peace partners by granting duty-free access to goods produced in QIZs in Egypt and Jordan using a specified percentage of Israeli input. At present, almost 400 companies in seven QIZs in Egypt have registered to export under this program. The industrial areas currently included in the QIZ program are Tenth of Ramadan, Fifteenth of May, South of Giza, Shobra El-Khema, Nassr City, El-Amria, and Port Said. In October 2004 one of the existing QIZs was expanded to include more enterprises and another QIZ, the Central Delta QIZ, became operational.

## **OPIC and Other Investment Insurance Programs**

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In July 1999, Egypt and the U.S. signed an updated investment agreement to facilitate the ability of the U.S. Overseas Private Investment Corporation (OPIC) to provide political risk insurance for U.S. private investment as well as for bid, performance, and advance payments, and customs bonds and guarantees issued on behalf of U.S. suppliers and contractors in Egypt.

Egypt is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

## **Labor**

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Egypt's labor force has grown steadily in recent years, with upwards of 600,000 new entrants into the labor market each year. As of June 2005, official statistics put the labor force at 21.2 million. According to more detailed data available for fiscal year 2002/2003 (FY 02/03), 6.2 million (34.1 percent) were civil servants and public-sector employees, 5.1 million (28 percent) work in the formal private sector, and 6.9 million (37.9 percent) are in the informal sector. Official statistics estimate unemployment at 10 percent of the total labor force in FY 04/05, while unofficial estimates range between 12 and 20 percent.

There is universal agreement that the government bureaucracy and public sector companies are substantially over-staffed compared to private sector business. Skilled labor in some professions is in short supply and foreign companies frequently pay higher

wages to attract workers with valuable skills. Millions of Egyptians continue to seek employment abroad on both a temporary and permanent basis.

The Unified Labor Law 12 of 2003 provides comprehensive guidelines on individual labor relations, including organization of recruitment, work and termination of employees, vocational guidance, training, health, and safety. The law established a qualified right of employees to strike, as well as rules and guidelines governing mediation, arbitration, and collective bargaining between employees and employers. Non-discrimination clauses are also included, and the law complies with labor-related International Labor Organization (ILO) conventions regulating the employment and training of women and eligible children (Egypt ratified ILO Convention 182 On Combating the Worst Forms of Child Labor in April 2002). The law also created a national committee to formulate general labor policies and the National Wage Council, which discusses wage-related issues and national minimum-wage policy. The National Wage Council met several times in 2004 to discuss the problem of increasing prices and stagnant wages.

Under the law, workers may join trade unions but are not required to do so. A trade union or workers' committee may be formed if 50 employees in an entity express a desire to organize. Most union members, about 27 percent of the labor force, are employed by state-owned enterprises. All trade unions are required to belong to the Egyptian Trade Union Federation. The ILO's Committee of Experts has emphasized repeatedly that a law requiring all trade unions to belong to a single federation infringes on the freedom of association, but the government has not changed the law.

Regarding the right to strike, workers have the right to strike peacefully, provided the trade union organizes the strike in defense of vocational, economic, and social interests and announces it at least ten days in advance. Strikers must also notify the employer and concerned administrative officials of the reasons and time frame of the strike. The law prohibits strikes in strategic or vital establishments in which the interruption of work could result in disturbing national security or basic services provided to citizens.

Collective negotiation is allowed between trade union organizations and employers or their organizations when attempting to improve labor terms, conditions, and employment provisions; cooperating between labor parties to achieve social development for workers of an establishment; and settling disputes between workers and employers. Agreements reached through negotiations are recorded in collective agreements regulated by the labor law.

The Ministry of Manpower and Migration sets worker health and safety standards, which also apply in the Special Economic Zones, but enforcement and inspection are uneven. The law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

The labor laws allow employers to fully or partially close down or downsize their firms for economic reasons. Parliament passed an Emergency Subsidy Fund in June 2002 to compensate employees whose wages are suspended due to partial or complete closure of their firm or due to its downsizing. The law states that financial resources for the fund will come from a 1 percent deduction from the base salaries of public, public enterprise, and private sector employees in firms with over 30 workers. Government contributions and outside donations will also provide support. Press reports indicate the Fund has

been used in a number of cases where difficult economic conditions and some privatization deals have resulted in the downsizing of companies labor force.

According to foreign investors, certain aspects of Egypt's labor policies are significant business impediments, particularly the difficulty of dismissing employees. The 2003 labor law is somewhat more flexible in this area than the previous one, allowing employers and employees to terminate employment contracts under specific circumstances, but the process is still not easy. The privatization program in some cases also requires a company's new owner to retain all workers. The government has, however, used privatization proceeds to offer early retirement and/or other separation incentive packages to workers in some privatized companies.

## **Foreign-Trade Zones/Free Ports**

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Public and private free zones are authorized under the Investment Incentive Law and are established by a decree from the General Authority for Free Zones and Investment (GAFI). Free zones are located within the national territory but are considered to be outside Egypt's customs boundaries, granting firms doing business within them more freedom on transactions and exchanges. Companies producing largely for export (normally 80 percent or more of total production) may be established in free zones and operate in foreign currency. Free zones are open to investment in any sector, by foreign or domestic investors. Companies operating in free zones are exempted from customs duties, sales taxes or taxes and fees on capital assets and intermediate goods. However, warehouse companies are subject to an annual fee of 1 percent on the imported product's value, and production and assembly profits are subject to an annual fee of 1 percent on the exported product's value.

There are currently 11 public free zones in operation in the following locations: Alexandria, Badr City, Damietta, East Port Said Port Zone, Ismailia, Koft, Media Production City, Nasr City, Port Said (scheduled to be phased out by 2007), Shebin el Kom, and Suez. Private free zones may also be established with a decree from GAFI but are usually limited to a single project. Priority is given to export oriented industrial projects. The investor has the freedom to select his activity and there is no restriction on foreign ownership of capital in private free zones.

In May 2002, Parliament approved the Special Economic Zones (SEZ) Law 83 of 2002, which provided for the establishment of special zones for industrial, agricultural, or service activities designed specifically with the export market in mind. The law allows firms operating in these zones to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also exempt from sales and indirect taxes and can operate under more flexible labor regulations. The law's executive regulations were issued in September 2002 and the first SEZ was established in the North West Gulf of Suez. Currently there are 22 projects operating in the North West Gulf of Suez SEZ.

## **Foreign Direct Investment Statistics**

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Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Ministry of Petroleum keeps statistics on investment in the oil and gas sector (which accounts for the bulk of FDI in Egypt), while the General Authority for Free Zones and Investment (GAFI) keeps statistics on all other investments. The Central Bank records figures on quarterly and annual investment flows, based on financial records, for Egypt's balance of payments statistics. There are wide disparities between the three sources, and none can be considered particularly reliable in assessing levels of foreign investment in keeping with any U.S. government definition.

GAFI's figures are calculated in Egyptian Pounds (LE) at the historical value and rate of exchange, with no allowance for depreciation. GAFI's figures are cumulative starting from 1971. As of June 2005, GAFI statistics indicated that U.S. investors had FDI in 404 companies outside the oil/gas sector, with a total investment of LE 3.36 billion (\$589 million at the current exchange rate). The U.S. ranked second after the United Kingdom, which had an FDI share in 428 companies with a total value of LE 6.85 billion (\$1.2 billion). Other major investing countries include France, Italy, and other Arab countries. In the oil/gas sector, where both the UK and U.S. are very active, the overall investment ranking of the two countries is probably the same. The Ministry of Petroleum estimates that investment in the oil/gas sector has been on average \$2-3 billion annually in recent years, largely associated with the expansion in gas exploration and production, and particularly with construction of two major liquefied natural gas plants on the Mediterranean (by Union Fenosa of Spain and British Gas). The Ministry's estimates include operating expenses and operations costs.

The U.S. Department of Commerce calculated the stock of U.S. FDI in 2004 (January – November) at \$4.24 billion, with Apache Corporation the largest single U.S. investor. In addition to their major role in the energy sector, U.S. firms are active in banking and in a wide range of manufacturing industries, producing goods for the domestic and export markets. Examples of U.S. investors include American Express, AIG, American Standard, Bristol-Myers Squibb, Citibank, Coca Cola, Exxon Mobil, Eveready, General Motors, Guardian Industries, H.J. Heinz, Johnson and Johnson, Devon Energy, Procter and Gamble, Pfizer, PepsiCo, Pioneer, and Xerox. Leading investors from other countries include such companies as BG, ENI-AGIP, Shell, and Union Fenosa (in the oil/gas sector), Unilever, the M.A. Khorafi Group (Kuwait), and the Kingdom Development Company (Saudi Arabia). Based on a summation of all information available on FDI, we estimate total FDI in Egypt at \$3.9 billion in fiscal year 2004/2005 (FY 04/05).

## INVESTMENT STATISTICS\* (billion USD)

	00/01	01/02	02/03	03/04	04/05*
Foreign Direct Investment (flow)	0.509	0.428	0.701	0.407	3.902**
Portfolio Investment (flow)	0.261	0.999	(0.405)	(0.2)	0.8
U.S. FDI (stock)	1.998	2.537	2.959	3.533	4.240

\* provisional

\*U.S. figures for calendar year

\*\* Includes FDI in the energy sector

Source: Central Bank of Egypt, U.S. Department of Commerce.

## Web Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://usembassy.egnet.net>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>

Ministry of Investment: [http://www.investment.gov.eg/MOI\\_Portal/](http://www.investment.gov.eg/MOI_Portal/)

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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U.S. exporters to Egypt typically rely on letters of credit from Egyptian buyers, arranged by the latter through Egyptian banks, confirmed irrevocably by a U.S. bank. Other financing sources include USAID's Private Sector Commodity Import Program, which makes direct payment to American exporters through U.S. banks, meanwhile working with Egyptian banks in lending to Egyptian importers; the U.S. Export-Import Bank (EXIM) and, for investors, the U.S. Overseas Private Investment Corporation (OPIC).

### How Does the Banking System Operate

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With the exception of two banks exempted from Central Bank of Egypt (CBE) control by law or treaty, all banks in Egypt are subject to CBE supervision. The two exempted banks are the Arab International Bank and the National Investment Bank. According to CBE officials, a third bank, Nasr Social Bank, is currently in the process of exemption from CBE supervision. According to the Central Bank of Egypt (CBE), the Egyptian banking system consists of 61 banks:

#### **Commercial Banks**

- 4 Public Sector Banks
- 21 Private Banks

#### **Non Commercial Banks**

- 5 Public Sector Banks
- 22 Private Banks

In practice, however, the vast majority of these banks operate as normal commercial banks, although there are a few specialized banks (such as for agriculture and real estate). Four large state-owned banks (National Bank of Egypt, Bank Misr, Banque du Caire, and Bank of Alexandria), dominate the banking sector, with a 50% or larger share of all assets, deposits, and branches.

A number of much smaller joint venture (mixed state and private - often foreign - ownership) banks are much more efficient and profitable. There also are fully privately held banks and fully owned branches of foreign banks. Government shares in the joint

venture banks were decreased in the 1990s, while the government has publicly announced its intention to reduce its holdings in joint venture banks several times in recent years. In March 2004, state-owned Banque du Caire sold its 40% share in the joint venture Cairo Barclays Bank to majority shareholder Barclays Bank for LE 340 million (\$55 million), the first significant sale of a government-owned share in a joint venture bank in at least three years.

A consolidation that decreases rather than increases concentration of government ownership in the banking sector would be a healthy development. Laws passed in 1997 and 2003 provide a legal basis for the privatization of the four large state-owned banks and many donor agencies have urged the government to move ahead with this privatization. It has been announced that Bank of Alexandria is to be privatized before the end of 2005. A new banking law passed in 2003 (Law 88 of 2003) and Presidential Decree (No. 64 for 2005) issuing the statute of the CBE, raised the minimum capital requirements for banks sharply (from LE 100 million to LE 500 million for domestic banks and from \$10 million to \$50 million for branches of foreign banks). Banks will have one year, extendable to three, to comply. The new regulations have forced a major consolidation of the banking system, as many smaller banks will not be able to meet the new capital requirements. The following mergers are examples of the new system. Misr Exterior merged with Banque Misr. Credit Lyonnais merged with Caylor Bank-Egypt. The American Express bank merged with the Egyptian American Bank. The Mohandes bank of Egypt merged with the National Bank of Egypt. Misr International Bank merged with the Arab International Bank.

The banking system deposit base and loan portfolio totaled LE 536,802 million and LE 308,608 million respectively, at the end of September 2005. Banks are, theoretically, free to set their own interest rates, which the CBE closely monitors through a series of formal and informal guidelines. The CBE uses T-Bill auctions and discount rates, in its monetary policy. The CBE regulates the banking system by setting reserve and liquidity requirements and rules for loan classification. A deposit insurance fund has been announced, but implementing regulations have yet to be issued. The CBE has expanded its use of monetary policy tools to affect mainly short-term interest rates. For example, by adopting the inner bank corridor system.

Currently, only Citibank of all the American banks operates in the Egyptian market as a full service bank. There is one American joint venture commercial bank, the Egyptian American Bank (EAB) whose principle owners are the state-owned Bank of Alexandria (34 percent) and American Express Bank (41 percent). J.P. Morgan Chase, Bank of New York, Wachovia and First Union National Bank have representative offices.

## **Foreign-Exchange Controls**

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In January 2003 a more flexible exchange rate policy was implemented and subsequently there has been a 25% depreciation of the pound against the dollar. By mid 2004 there were hopeful signs that Egypt's foreign exchange regime is at last stabilizing, with the exchange rate gap between the legal and parallel markets narrowing to less than 1%, and almost non-existent, and the availability of foreign exchange increasing significantly. As of the end of November 2005, the CBE had accumulated \$21 billion in net international reserves.

A new profit repatriation system was announced by the CBE in June 2002 whereby sub-custodian banks are required to open two accounts for foreign investors (global custodians), a foreign currency account and a local currency one, which will be exclusively maintained for stock exchange transactions only. The two accounts will serve as a channel through which foreign investors will process their sale, purchase, dividend collection and profit repatriation transactions using the official exchange rates.

## **U.S. Banks and Local Correspondent Banks**

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### **Citibank**

Mr. Michel Accad, Vice President & Country Corporate Officer  
4 Ahmed Pasha St., Garden City, Cairo  
Tel: +20 (2) 795-1873/4/6 Fax: +20 (2) 795-7743

### **Bank of Alexandria**

Mr. Mahmoud Abdel Latif, Chairman  
49 Kasr El Nil St., Down Town, Cairo  
Tel: +20 (2) 393-8631/3, +20 (2) 391-3495 Fax: +20 (2) 391-9805

### **Bank of New York (rep. Office)**

Mr. Tarek El Refaie, Chief Representative  
9 Abdel Moneim Riad St., Dokki, Cairo  
Tel: +20 (2) 336-5818 Fax: +20 (2) 336-5816

### **Banque du Caire**

Mr. Ahmed El Bardai, Chairman  
22 Adly St., Down Town, Cairo  
Tel: +20 (2) 390-9575 Fax: +20 (2) 390-1735

### **Bank Misr**

Mr. Mohamed Barakat, Chairman  
151 Mohamed Farid St., Cairo  
Tel: +20 (2) 391-2263, +20 (2) 391-4974 Fax: +20 (2) 391-9779

### **National Bank of Egypt**

Dr. Hussein Abdel Aziz Hussein, Chairman  
Cairo Plaza Bldg., 1187 Corniche El Nil, Cairo  
Tel: +20 (2) 574-9101 Fax: +20 (2) 574-8910

### **Arab International Bank**

Dr. Mustafa Khalil, Chairman  
35 Abdel Khalek Tharwat St., Down Town, Cairo  
Tel: +20 (2) 391-6391, +20 (2) 391-8021 Fax: +20 (2) 391-6233

### **BNP Paribas**

Mr. John Tomozeau, Chairman  
3 Latin America St., Garden City, Cairo

Tel: +20 (2) 794-8323/4/5 Fax: +20 (2) 794-0619

**Cairo Barclays Bank**

Mr. Colin McCormack, Managing Director  
12 El Sheikh Youssef Sq., Garden City, Cairo  
Tel: +20 (2) 366-2600 Fax: +20 (2) 366-2810/11

**Commercial International Bank (CIB)**

Mr. Hisham Ezz Al Arab, Chairman  
Nile Tower Bldg., 4th Fl., 21/23 Charles Degol St., Giza  
Tel: +20 (2) 570-3043/22 Fax: +20 (2) 570-3172

**Delta Int'l Bank**

Dr. Aly Negm, President  
1113 Corniche El Nil, Cairo  
Tel: +20 (2) 575-3492 Fax: +20 (2) 576-2851

**Egyptian American Bank (EAB) (A joint venture with American Express)**

Mr. Richard Roderick, Managing Director  
6 Hassan Sabri St., Zamalek, Cairo  
Tel: +20 (2) 739-1509 Fax: +20 (2) 738-2993

**Hong Kong Singapore Banking Corporation -HSBC**

Mr. Abdel Salam El Anwar, Deputy Chairman, and Managing Director  
3 Aboul Feda St., Zamalek, Cairo  
Tel: +20 (2) 736-7425 Fax: +20 (2) 736-4010

**Misr America Int'l Bank**

Mr. Ahmed El Bardaie, Chairman & Managing Director  
12 Nadi El Seid St., Dokki, Cairo  
Tel: +20 (2) 761-6634/13/23/24/27 Fax: +20 (2) 761-6610

## **Project Financing**

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### **GENERAL AVAILABILITY OF FINANCING**

Banks may not be the only source of finance because of the availability of the emerging securities market, as well as the availability of donor-assistance credit lines, such as USAID and other bilateral aid, EU credits for the private sector, and the Social Fund for Development, which is mainly donor-financed.

The CBE conducts open market operations to manage liquidity in the banking system using many tools including the primary dealers system for government securities. The new system, which finally began operating on July 6, 2004, allows 13 financial institutions listed with the Ministry of Finance, including banks and bond dealers, to underwrite primary issues of government securities and activate trading in the secondary market through sale, purchase, and repurchase agreement of government securities

based on a multiple-price auction system. Interest rates on deposits are at an average of 8% and 11% for T-bills. Deposit rates dropped in banks in early 2004 then gradually increased in response to the CBE adoption of a tight monetary policy and a more flexible exchange rate without increasing dollarization. Interest rates for time deposits in commercial banks average 7-8%. Lending rates movement has not coincided with those of deposit rates. Lending rates have minor changes but they are still high at an average of 14%.

In 1992, the Egyptian stock market was reactivated by the GOE in order to allow alternative financing to private and public firms. The volume of trading on January 25, 2005 was 12,723,260 million shares, with a trading value of LE 354 million. In addition, there are currently about 21 mutual funds in Egypt with value exceeding LE 3 billion. This indicates the significance of the Egyptian stock market in terms of providing financing and an opportunity to build savings. The development of professional investment banking capabilities will definitely help encourage the private sector to tap the securities market more often.

## EGYPTIAN FINANCIAL AND INSURANCE MECHANISMS

The local banking system and offshore banks operating in Egypt are the main source of finance for Egyptian exports. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. The period of financing ranges from between three to four months to as much as one year. Banks decline to finance long-term export contracts. The exporter may use loans to finance imported inputs or locally produced ones. Banks prefer to lend exporters the same currency they will receive in payment for its exports to reduce foreign exchange risk.

Banks may finance from 40% to 80% of the value of an export order, based on the form of a contract, shipping documents, insurance documents, or a letter of credit (L/C), and the credibility of the exporter. If the exporter is not well known in the market and does not have a proven track record, banks will request that the importer open an L/C to reduce their risk. Requesting an L/C constitutes an additional cost to the importer, which may reduce the competitiveness of Egyptian exports. On the other hand, creditworthy exporters are offered direct overdraft facilities. Interest rates on export financing range between 1-2% above LIBOR. Banks deduct loan repayments from the export proceeds. In general, export credit is a revolving form of credit.

Egypt has one export guarantee company, the Export Credit Guarantee Company of Egypt (ECGC), established by the Export Development Bank of Egypt, National Investment Bank, Misr Insurance Company, Al Shark Insurance Company, and Egyptian National Insurance Company. ECGC started operation in October 1993. It provides guarantees against importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt. "Importer's risk" is defined as the importer's inability to pay for the exported goods or his/her refusal to receive the shipping documents of exported goods, although the exporter fulfilled all obligations. ECGC's guarantee also covers political risk (non-commercial), which includes the following: cancellation of the importer's license by his/her country's authorities; refusal of entry of goods by the importer's government; denial of permission to transit a country's territory; seizure or confiscation of exported goods by the importer's country or the transit country; insolvency of a public-owned importer; or military actions or civil disturbances that affect the importer's assets. The guarantee, on the other hand, does not cover

foreign exchange risk and risks pertaining to the nature of the goods.

Whenever ECGC receives a request for guarantee, it investigates the importer thoroughly. Based on the importer's financial status and estimated country risk, ECGC decides on a coverage limit and informs the exporter. The guarantee can reach up to 80% of the importer's outstanding debt. ECGC receives 0.5-2% premium depending on the importer's country and the product exported. The exporter can then sell the guarantee to his/her bank.

## THE WORLD BANK GROUP

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. Because Egypt is now a middle-income developing country, it is no longer eligible for loans from the World Bank's "soft" financing arm, the International Development Association, but it is still eligible for regular World Bank (IBRD) loans. Loans are made only to governments or to agencies that can obtain a government guarantee. The IBRD also provides partial risk or partial credit guarantees (with a counter-guarantee from their government) to private lenders on development projects. The interest rates are variable, set at half a percentage point above the Bank's average cost of borrowing or LIBOR. Repayment is usually over 12 to 15 years, including a grace period of three to five years. The World Bank currently has an operating portfolio of \$914.7million in Egypt, concentrated in Agricultural, Educational and Health Nutrition and Population projects. It provides up to \$300 million in credit funding for the Cairo Airport expansion project. Opportunities for U.S. companies exist to supply goods and services in connection with these loans.

The International Finance Corporation (IFC): Is an affiliate of the World Bank that provides project financing for private investment in developing countries. IFC offers long-term loans and equity investments, as well as other financing services. IFC will generally invest up to 25% of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and IDA, the IFC does not require government guarantees. Egypt is one of the largest users of IFC funds in the world. U.S. companies seeking direct investment funds should contact the IFC.

The Multilateral Investment Guarantee Agency (MIGA): Was established in April 1988 to help investors overcome the problems of political risk. Investors' concerns about political risk had the effect of slowing down the flow of foreign direct investment, which in turn slowed the creation of jobs and the transfer of modern technology. MIGA's purpose is to promote the flow of foreign direct investment among member countries by insuring investments against non-commercial (political) risk and by providing promotional and advisory services to help member countries create an attractive investment climate. U.S. companies seeking investment guarantees should contact MIGA.

For further information and assistance contact the U.S. Commerce Department's Commercial Service Liaison Staff, Office of the U.S. Executive Director, The World

Bank, 1818 H Street NW, Washington DC 20433, USA. Tel: 202-458-0118 or 0120,  
Fax: 202-477-2967.

## SELLING THROUGH USAID PROGRAMS

### BACKGROUND AND OVERVIEW OF USAID IN EGYPT

The United States Agency for International Development (USAID) began its program in Egypt in 1974 during a period when Egypt was facing extreme economic and political challenges. The economy was at a standstill; much of its physical infrastructure had deteriorated; technical and scientific ties and relationships with the West had broken down; agriculture productivity was low; and basic health and welfare services were poor. A few years later in 1979, following the Camp David Accords and recognizing Egypt's moderating role in the Middle East, Egypt became one of the United States' largest economic assistance program partners in the world. The USAID budget for Egypt FY 05 is \$535 million and estimated for FY06 to be \$495 million. Current planning is that economic assistance levels for Egypt will continue to be reduced by \$40 million per year to a level of \$407.5 million by 2009. More than \$25 billion in economic assistance has been provided to date, enhancing the quality of life for many Egyptians and helping build a stronger, market-oriented economy.

Early assistance focused on the immediate needs of the economy, including clearing, repairing, and reopening the Suez Canal to restore to Egypt and the world this important trade artery. Egypt's infrastructure also claimed early attention. Expanded electric power, water and wastewater, grain storage, telecommunications, and port facilities became targets of assistance. Professional and institutional ties between Egypt and the United States were rebuilt. By the end of the 1970s, USAID had broadened its assistance to give greater attention to agriculture, health and basic education, addressing quality of life problems facing Egypt's people, particularly those in the rural areas, and promoting local development. USAID also began helping Egypt rebuild its industrial and commercial base through U.S. imports of commodities, equipment, and intermediate goods. Working with the Egyptian government on structural adjustment and policy reforms opened up a greater role for the private sector and touched many enterprises both great and small. Whether the immediate target was regulatory changes and privatization or greater access to credit by small and micro entrepreneurs, the bottom line has been to facilitate market entry and increase the number of productive jobs.

Some results of these investments include dependable electricity, clean water, significantly improved health care, more schools, reliable telecommunications, improved village infrastructure and services, new technologies to build a more efficient and diversified agriculture base, and expanded farmer access to credit, seeds, and fertilizer. The portfolio of activities has shifted and grown, responding to Egypt's changing development needs based on the mutual goal of increasing both economic growth and the quality of life of Egypt's people.

### PROCUREMENT OPPORTUNITIES

There are two main sources of information about procurement opportunities related to USAID programs in Egypt:

- Fed Biz Opps website, (<http://www.fedbizopps.gov/>) in which all USAID direct and USAID-financed Egyptian Government procurement is advertised;
- USAID's on-line website (<http://www.usaid-eg.org/>). This on-line service also has background on the AID program and its relevance to U.S. interests at home and abroad.

Most commodity procurement is done under subcontract or by Egyptian Government arrangements, rather than directly by USAID.

#### COMMODITY IMPORT PROGRAM (CIP)

USAID/Egypt sponsors the Private Sector Commodity Import Program (CIP) that makes dollars available to Egyptian private sector importers through some 31 Egyptian banks. The program provides attractive financing whereby the importers pay for the dollars in Egyptian pounds after an interest-free grace period. Imports are financed through the issuance of commercial letters of credit, and the transactions generally follow normal commercial practice. Eligible commodities under the program include most non-luxury, non-consumer items that are not related to military or police activities. U.S. exporters may consult with Egyptian customers to see if CIP funds are available. The current annual level of funding for this program is \$200 million.

Mailing Address from the U.S.:  
Commodity Import Program  
USAID Cairo  
Unit 64902  
APO AE 09839-4902

Physical Address:  
USAID Commodity Import Program  
Plot 1/A off El Laselki Street  
New Maadi, Cairo  
Tel: +20 (2) 522-6620  
Fax: +20 (2) 516-4652

USAID Alexandria  
36 Beny El Abbas Street, behind National Security  
Tel/Fax: +20 (3) 486-8458/9301

Ministry of Foreign Affairs  
International Cooperation Sector  
Department of Economic Cooperation with USA  
48-50 Abdel Khalek Sarwat, Cairo  
Tel: +20 (2) 390-5100/5125  
Fax: +20 (2) 393-8187

#### INFORMATION GIVEN TO EGYPTIAN BUYERS AS TO HOW THE PRIVATE SECTOR CIP PROGRAM WORKS

- Apply for a credit facility at any Egyptian participating bank.
- Fulfill all the bank requirements.



- Get quotations from a reasonable number of U.S. suppliers, or one offer can be submitted if you are an agent, representative or distributor for the supplier, and fill out the transaction form.
- After the approval of your credit facilities by your participating bank, your transaction form and related documents are sent to USAID/Cairo to be reviewed and approved.
- Once assured that all requirements have been fulfilled, USAID/Cairo sends a letter to your bank, usually within 48 hours, authorizing the issuance of a letter of credit.
- A letter of credit is opened by your bank and advised by the U.S. correspondent bank to the U.S. supplier.
- The interest-free grace period starts from the date the payment is made to the U.S. supplier.
- The exchange rate is fixed at the time the letter of credit is opened.
- You can qualify for a maximum limit of \$8 million per year, according to the type of transaction.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>  
 Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)  
 OPIC: <http://www.opic.gov>  
 Trade and Development Agency: <http://www.tda.gov/>  
 SBA's Office of International Trade: <http://www.sba.gov/oit/>  
 USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccs/default.htm>  
 U.S. Agency for International Development: <http://www.usaid.gov>

## MULTILATERAL INSTITUTIONS ABROAD:

Multilateral Development Bank Office  
 U.S. Department of Commerce  
 International Trade Administration  
 Room 1107, 14th and Constitution, NW  
 Washington, DC 20230  
 Tel: 202-482-3399, Fax: 202-273-5179

African Development Bank  
 ADB temporary relocation agency (Tunis)  
 Angle des trois rues: Avenue du Ghana, rue Pierre de Coubertin, rue Hedi Nouira

BP. 323, 1002 Tunis belvedere, Tunisia  
Tel: 216-71-333-511, 216-71-103-450, Fax: 216-71-351-933  
email: [afdb@afdb.org](mailto:afdb@afdb.org)

International Finance Corporation (IFC)  
2121 Pennsylvania  
Washington, DC 20433  
Tel: 202-473-7711, Fax: 202-974-4384

World Bank  
Office of the U.S. Executive Director  
1818 H Street, N.W.  
Washington, D.C. 20433  
Tel: 202-477-1234, Fax: 202-477-6391

### **MULTILATERAL INSTITUTIONS IN EGYPT:**

African Export Import Bank (AFREXIM)  
Mr. Christopher Edordu, President  
World Trade Center Bldg., 3rd & 8th Floors  
1191 Corniche El Nil, Cairo  
Tel: +20 (2) 578-0281 (6 Lines), Fax: +20 (2) 578-0276/9

African Development Bank  
Egypt Country Office (EGCO)  
Mr. Omar Awu, Resident Representative  
1, Al-Gazayer Square, 1st floor, New Maadi, Cairo  
Tel: +20 (2) 516-0906, Fax: +20 (2) 516-0868

International Finance Corporation (IFC)  
Mr. Michael Essex, Director Middle East & North Africa  
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## Chapter 8: Business Travel

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### Business Customs

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Business in Egypt is personal. Egyptian and foreign business community members who have broad experience in the market, give the following suggestions:

**Have Patience:** Unfamiliar paperwork processes and bureaucratic procedures make business conduct somewhat slow in Egypt. Don't expect to breeze in for a week and leave with a contract. It may take a year or more, but in the end, it is usually profitable.

**Get Acquainted with Local Culture:** Egyptians are a proud people who trace their civilization back 5,000 years. Take time to learn the culture and develop an appreciation for the Islamic faith. All private business leaders and most high-level government officials have a good command of English. Learn as much Arabic as possible - it pleases Egyptians if you know key phrases in Arabic ... Good Morning (Sabah El Kheir), Good Evening (Messaa El Kheir), etc.

**Be Personable:** When you visit a businessperson, don't just walk in, shake hands, and get down to business. If you have previously met with the person, chat about common friends, family, children, etc.

**Do Your Homework:** The Egyptian market is a complex and highly competitive one. A good Egyptian agent will help you a great deal in directing you to success. Find yourself a good local representative with the help of the U.S. and Foreign Commercial Service at the American Embassy or a reliable business group.

**Remain Flexible:** The Egyptian market, like anywhere in the Middle East, is a changing one. It may not be advisable for the terms of a contract to remain the same during its length. Changing conditions in the market may suggest exploring different markets or changing from partnership to technology transfer or royalty provisions.

**Send Your Best:** Your top experienced executive with knowledge of the area will do a better job with the Egyptian business community. Your young, enthusiastic

representative may not be as effective with the local partner, particularly in a culture that respects age and experience.

**Business Rules:** When doing business in Egypt, be prepared to play it in the Egyptian tradition, or you may waste your time. A few foreign firms come to Egypt and give up after a short stay; but most foreign companies, once established with a base here, find the Egyptian market a worthwhile and profitable place to do business.

## Travel Advisory

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Current travel warnings and advisories can be found on the U.S. State Department's site: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1108.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html). Travelers should check this link for any updates to the security situation before leaving the U.S.

Business travelers to Egypt seeking appointments with U.S. Embassy Cairo officials should contact the Commercial Section in advance. The commercial section may be reached by telephone at +20 (2) 797-2340, fax at +20 (2) 795-8368, or e-mail at: [cairo.office.box@mail.doc.gov](mailto:cairo.office.box@mail.doc.gov)

U.S. citizens may refer to the Department of State's pamphlets, [A Safe Trip Abroad](#) and [Tips for Travelers to the Middle East and North Africa](#), to promote a trouble-free journey.

## Visa Requirements

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Passport and visa required for all non-Egyptian visitors traveling to Egypt. For specific requirements, consult [the Embassy of the Arab Republic of Egypt](#), 3521 International Court, NW, Washington, DC 20008 (202/895-5400) or nearest Consulate General: CA (415/346-9700), IL (312/828-9162), NY (212/759-7120), or TX (713/961-4915). American citizens can obtain a visa at the airport upon arrival for 15 US Dollars. Having exact change will expedite the process.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that the U.S. visa process can be long, often with security checks that are handled via an interagency process in Washington. Travel should be planned several months in advance, and a visa application should be the very first step before plane reservations are made. To prepare for their interview, visa applicants should go to the following links:

Consular section of the U.S. embassy in Egypt:  
<http://egypt.usembassy.gov/consular.htm>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

## Telecommunications

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The international dialing code for Egypt is +20. Calling landlines may require a city code such as (2) for Cairo and (3) for Alexandria. Mobile phones generally begin with either

010 or 012. Should you dial a landline from a mobile phone, you need to dial 0 plus the city code.

[Telecom Egypt](#) (TE), Egypt's state telecommunications company, controls the landlines telephone system. The capacity of local public switching exchanges is 11.7 million lines. Telephone main lines in operation are 9.2. Installation of a city line for a residence costs LE 900 (\$150), for companies is LE 1,500 (\$250). ISDN and ADSL are available. Two private sector companies [Mobinil](#) and [Vodafone](#) provide all services for the country's GSM 900 cellular telephone system. Telecom Egypt is set to open up for bids on a third mobile operator in early 2006. The Government of Egypt offers free dial up, and using these 777 numbers accesses Internet through ISPs, and billing is the same as making a local phone call. Wireless internet can be found in many of the 5 star hotels and some cafes.

## Transportation

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### TRANSPORTATION

**Air and Sea:** Egypt is an important air terminus for the Middle East, and Cairo is served by many major airlines. Currently, Egypt Air is the only airline serving Egypt non-stop from/to the U.S., with United involved under a code-sharing agreement with Lufthansa, Northwest with KLM, and Delta with Air France. Other major international airlines represented in Cairo include: Air France, Alitalia, British Airways, Japan Airlines, and Swissair. Shipping lines serving Port Said and Alexandria (the largest port on the Mediterranean) are Adriatica, Farrel, Lykes, Ogden, Prudential, and American President Lines. Egypt has its own merchant fleet.

**Local:** Using Cairo's black-and-white taxis effectively requires some basic Arabic phrases and practice. If going to an area you do not know well, a map may help both you and the driver, who won't have one. Negotiating the fare is best done before the trip. Although taxis have meters, the official rate is so low, the obligation to pay something realistic is clear. Other variables are your familiarity with the city, the driver's demeanor, and the taxi's physical attributes. Its age and size count. While newer, larger taxis command higher fares, the cost is very reasonable, much less than in the U.S.

The Cairo Metro is a light rail system, partly underground. One line is now running from al-Marg in the north through the center of the city to Maadi and on to Helwan. Another line is now running from Shoubra El Kheima, north of Cairo, to Ramses Station in the city center. A new line now runs from Tahrir Square passing by the Cairo Opera House and ending at Cairo University in Giza.

**Regional:** Alexandria and Cairo are connected by both the Western Desert Highway, a high-speed toll road and the busier Delta Road. Buses take 3 ½ hours, with a rest stop. A non-stop Turbino train takes just over 2 hours.

**Traffic Safety and Road Conditions:** While in a foreign country, U.S. citizens may encounter road conditions that differ significantly from those in the United States. The information below concerning Egypt is provided for general reference only, and it may not be totally accurate in a particular location or circumstance.

Safety of Public Transportation: Poor  
Urban Road Conditions/Maintenance: Poor  
Rural Road Conditions/Maintenance: Poor  
Availability of Roadside Assistance: Poor

The roads in Egypt can be hazardous, particularly at night outside major cities. Cars and trucks frequently travel at night without headlights and at a high rate of speed. There are few, if any, areas for a vehicle with mechanical problems to pull off the paved surface and no system for warning other motorists. Wild animals can regularly be found on the roads at night. Traffic regulations are routinely ignored. Roads in Cairo are congested and traffic is badly regulated. With such hazards, it is not surprising that Egypt is one of the world's leaders in fatal auto accidents. It also strongly suggests that, if available, seatbelts be worn at all times. As an alternative, the Cairo Metro (subway) system is good, but buses and commuter micro-buses are usually extremely crowded and poorly maintained. For those who prefer to go on foot, sidewalks and pedestrian crossings are non-existent in many areas and drivers do not yield the right-of-way to pedestrians. It should also be borne in mind that emergency and intensive care facilities are limited outside Cairo.

For additional general information about road safety, including links to foreign government sites, see the Department of State, Bureau of Consular Affairs home page at [http://www.travel.state.gov/travel/tips/safety/safety\\_1179.html](http://www.travel.state.gov/travel/tips/safety/safety_1179.html). For specific information concerning Egypt's driving permits, vehicle inspection, road tax and mandatory insurance, please contact the Egyptian National Tourist Organization offices in New York (Egypt Tourist Authority, 630 Fifth Avenue, Suite 1706, New York, NY 10111; telephone (212) 332-2570 or toll-free, (877) 773-4978; internet website: <http://www.egypttourism.org> ; e-mail address: [info@egypttourism.org](mailto:info@egypttourism.org)).

Aviation Safety Oversight: The U.S. Federal Aviation Administration (FAA) has assessed the government of Egypt's civil aviation authority as Category 1 - in compliance with international aviation safety standards for oversight of Egypt's air carrier operations. For further information, travelers may contact the Department of Transportation within the United States at telephone 1-800-322-7873, or visit the FAA's internet website at <http://www.faa.gov/avr/iasa>.

## Language

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### LANGUAGE/COMMUNICATIONS

Arabic is the common language. Colloquial Cairene Arabic is expressive and rich in words of Coptic, European, and Turkish origins. The written language differs from the spoken. Modern standard Arabic, based on the language of the Koran, is heard on radio, TV, and in formal speeches.

About 90% of Egyptians are Muslim, and Islam is the state religion. Most others are Christian, either Copts, Greek Orthodox, Roman Catholic, or Anglican Protestants. Indigenous minorities include four to six million Copts, Nubians, Bedouin, and a small Jewish community. Coptic has remained the liturgical language of the Coptic Church.

English, and to a lesser extent French, is widely spoken amongst the business community and at hotel and tourist destinations.

## Health

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There are many Western-trained medical professionals in Egypt. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Medical facilities are adequate for non-emergency matters, particularly in tourist areas. Emergency and intensive care facilities are limited. Facilities outside Cairo, Alexandria, and Sharm El Sheikh fall short of U.S. standards. Most Nile cruise boats do not have a ship's doctor, but some employ a medical practitioner of uncertain qualification. Hospital facilities in Luxor and Aswan are inadequate, and they are nonexistent at most other ports-of-call.

Beaches on the Mediterranean and Red Sea coasts are generally unpolluted. Persons who swim in the Nile or its canals, walk barefoot in stagnant water, or drink untreated water are at risk of exposure to bacterial and other infections and the parasitic disease schistosomiasis (bilharzia).

It is generally safe to eat properly prepared, thoroughly cooked meat and vegetables in tourist hotels, on Nile cruise boats, and in tourist restaurants. Eating uncooked vegetables should be avoided. Tap water is not potable. It is best to drink bottled water or water that has been boiled and filtered. Well-known brands of bottled beverages are generally considered to be safe.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at <http://www.cdc.gov/travel>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

## Medical Insurance

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased. Further, U.S. Medicare and Medicaid programs do not provide payment for medical services outside the United States. However, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas, including emergency services such as medical evacuations. [Please see our information on medical insurance overseas.](#)

When making a decision regarding health insurance, Americans should consider that many foreign doctors and hospitals require payment in cash prior to providing service and that a medical evacuation to the U.S. may cost well in excess of \$50,000. Uninsured travelers who require medical care overseas often face extreme difficulties.



When consulting with your insurer prior to your trip, ascertain whether payment will be made to the overseas healthcare provider or if you will be reimbursed later for expenses you incur. Some insurance policies also include coverage for psychiatric treatment and for disposition of remains in the event of death.

Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure Medical Information for Americans Traveling Abroad, available via the Bureau of Consular Affairs home page.

### List of Hospitals, Medical facilities and Physicians

<http://cairo.usembassy.gov/consular/acslst1.htm>

### Local Time, Business Hours, and Holidays

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The workweek in Egypt is Sunday through Thursday, and local time is GMT+2, or 7 hours ahead of Eastern Standard Time.

#### HOLIDAYS

The following chart lists commercial holidays that will close most Egyptian business and government offices during 2006:

January 1	New Year's Day
January 7	Coptic Christmas
*January 9-11	Eid al-Adha (Pilgrimage Feast)
*January 31	Islamic New Year
April 10	Moulid El Nabi (Prophet's Birthday)
April 24	Sham El Nessim
April 25	Sinai Liberation Day
May 1	Labor Day
July 23	National Day
October 6	Armed Forces Day
*October 23-24	Eid al-Fitr (End of Ramadan Fasting Month 2005)
**December 30-January 1	Eid Al-Adha

\*Depends on Lunar Calendar; a difference of a day may occur. Sham El Nessim changes with Coptic calendar.

\*\*The second observance of the Eid Al-Adha holiday is expected to fall on the last two days of December 2006 and the first day of January 2007. This holiday is also based on the lunar cycle and may vary from the dates listed.

### Temporary Entry of Materials and Personal Belongings

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**Customs Regulations:** Egyptian customs authorities enforce strict regulations concerning temporary importation into or export from Egypt of items such as firearms, religious materials, antiquities, medications, business equipment, currency, and ivory. It is advisable to contact the Embassy of Egypt in Washington, D.C., or one of the Egyptian consulates in the United States for specific information regarding customs requirements.

Egyptian law allows for the imposition of duties on photographic and video equipment. However, such duties are rarely imposed, except when large quantities of photographic equipment or expensive video equipment are brought into Egypt. Persons bringing in such items should be prepared to comply with certain customs formalities.

Personal use items such as jewelry, laptop computers, and electronic equipment are exempt from customs fees. However, Egyptian customs authorities may enforce strict regulations concerning temporary importation into or export from Egypt of items such as computer peripherals, including printers and modems, which are subject to customs fees. For tourists, electronic equipment is annotated in their passport, and the person is required to show the same items upon exiting Egypt. For residents, a deposit, refunded upon departure, may be made in lieu of customs fees.

Commercial merchandise and samples require an import/export license issued by the Egyptian Ministry of Trade and Supply in Egypt prior to travel and should be declared upon arrival. It is advisable to contact the Embassy of Egypt in Washington, D.C. or one of Egypt's consulates in the United States for specific information regarding customs requirements.

Travelers are not required to convert foreign currency into Egyptian pounds or submit exchange currency statements on arrival. The maximum amount of Egyptian currency that can be brought in or taken out of Egypt is 1,000 Egyptian pounds.

**Criminal Penalties:** While in a foreign country, a U.S. citizen is subject to that country's laws and regulations, which sometimes differ significantly from those in the United States and may not afford the protections available to the individual under U.S. law. Penalties for breaking the law can be more severe than in the United States for similar offenses. Persons violating Egyptian laws, even unknowingly, may be expelled, arrested or imprisoned.

Penalties for possession, use, or trafficking in illegal drugs in Egypt are strict, and convicted offenders can expect jail sentences and heavy fines. The death penalty may be imposed on anyone convicted of smuggling or selling marijuana, hashish, opium, LSD, or other narcotics. Law enforcement authorities prosecute and seek fines and imprisonment in cases of possession of even small quantities of drugs.

**Consular Access:** U.S. citizens are encouraged to carry a copy of their U.S. passport with them at all times, so that, if questioned by local officials, proof of identity and U.S. citizenship are readily available. In accordance with Article 36 of the Vienna Convention on Consular Relations, to which Egypt is a party, competent authorities in the host country must notify a consular post of the arrest of one of its citizens without delay if requested to do so by the foreign citizen.

**Photography Restrictions:** There are restrictions on photographing military personnel

and sites, bridges, and canals, including the Suez Canal. Egyptian authorities may broadly interpret these restrictions to include other potentially sensitive structures, including embassies, other public buildings with international associations, and some religious edifices. Visitors should refrain from taking photographs that include uniformed personnel.

Children's Issues: For information on international adoption of children and international parental child abduction, please refer to our website

<http://travel.state.gov/family/index.html> or telephone the Overseas Citizens Services call center at 1-888-407-4747. The OCS call center can answer general inquiries regarding international adoptions and will forward calls to the appropriate country officer in the Bureau of Consular Affairs. This number is available from 8:00 a.m. to 8:00 p.m. Eastern Standard Time, Monday through Friday (except U.S. federal holidays). Callers who are unable to use toll-free numbers, such as those calling from overseas, may obtain information and assistance during these hours by calling 1-317-472-2328.

Embassy Location and Registration: U.S. citizens living in or visiting Egypt are encouraged to register at the Consular Section of the U.S. Embassy in Egypt and obtain updated information on travel and security within Egypt. The American Citizens Services office of the U.S. Embassy is located at 5 Latin America Street, Garden City, Cairo and is open to the public from 8:00 a.m. until 12:00 noon. The workweek in Egypt is Sunday through Thursday. Telephone calls are accepted from 8:00 a.m. until 4:30 p.m.

The mailing address from the United States is: Consular Section, Unit 64900, Box 15, APO AE 09839-4900; in Egypt, it is 8 Kamal el-Din Salah Street, Garden City, Cairo. The main Embassy telephone number is +20 (2) 797-3300. The Consular Section telephone number is 20-2-797-2301, the fax number is +20 (2) 797-2472, and the e-mail address is [ConsularCairo@state.gov](mailto:ConsularCairo@state.gov). Consular information is available via the internet at <http://cairo.usembassy.gov/consular.htm>.

Once a month, American citizen services are available at the American Center, 3 Pharana Street, Azarita, Alexandria from 11:00 a.m. - 2:00 p.m. Please check the Embassy web site for a schedule of upcoming dates <http://cairo.usembassy.gov/consular/ACSALEX.htm>. Every 5-10 weeks, American citizen services are available at the Cairo American College, Room 600, Maadi, from 11:30 a.m. to 1:30 p.m. Please check the Embassy website for dates and details of services available <http://cairo.usembassy.gov/consular/ACSmaadi.htm>.

## Web Resources

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<http://travel.state.gov/travel/egypt.html>  
[http://travel.state.gov/travel/cis\\_customs.html](http://travel.state.gov/travel/cis_customs.html)

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## Chapter 9: Contacts, Market Research, and Trade Events

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### Contacts

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#### **U.S. AND EGYPTIAN CONTACTS:**

(Note: From the United States, dial international long-distance access, then Country Code: 20, and City Code: 2 for Cairo, or 3 for Alexandria. When dialing from within Egypt, dial 02 for Cairo, 03 for Alexandria.)

[U.S. Embassy Trade Personnel](#)

[U.S. Contacts in Egypt](#)

[Egyptian Government Cabinet](#)

[Egyptian Chambers of Commerce](#)

[Egyptian Chambers of Industries](#)

[Egyptian Government Agencies](#)

[Egyptian Trade Associations](#)

[Other Chambers of Commerce in Egypt](#)

[U.S. and Egyptian Organizations and Associations](#)

[Egyptian Government in the U.S.](#)

[Washington-Based U.S. Government Contacts](#)

[Multilateral Institutions Abroad](#)

[Multilateral Institutions in Egypt](#)

[Other Institutions](#)

#### **U.S. EMBASSY TRADE PERSONNEL:**

U.S. Commercial Service

Mr. Amer M. Kayani, Regional Senior Commercial Officer for Egypt, Lebanon, & Libya

Mrs. Christina Sharkey, Commercial Attaché

5 Latin America Street, Garden City, Cairo

Tel: +20 (2) 797-2330, +20 (2) 797-2340

Fax: +20 (2) 795-8368

Email: [cairo.office.box@mail.doc.gov](mailto:cairo.office.box@mail.doc.gov)

Website: <http://www.buyusa.gov/egypt>

U.S. Commercial Service – American Center Alexandria

Mr. John Abdelnour, Sr. Commercial Specialist

Mrs. Heba Abdel Aziz, Commercial Specialist

3 El Pharaana Avenue, American Center Bldg., Alexandria

Tel: +20 (3) 482-5607, +20 (3) 487-6330

Fax: +20 (3) 482-9199

U.S. Foreign Agricultural Service (FAS)

Dr. Asif Chaudhry, Agricultural Minister Counselor  
Fredrick Giles, Agricultural Attaché  
8 Kamal El Din Salah St., Garden City, Cairo  
Tel: +20 (2) 797-2388/9  
Fax: +20 (2) 796-3989  
Website: <http://213.154.34.153/agricult.htm>

U.S. Agency for International Development (USAID)  
Dr. Kenneth Ellis, Director  
Dr. Mary Ott, Deputy Director  
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Fax: +20 (2) 516-4652  
Website: <http://www.usaid-eg.org/>

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Mr. Michael Corbin, Minister-Counselor for Economic & Political Section  
Mr. John Desrocher, Counselor for Economic & Political Section  
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Fax: 20-2-797-2181  
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8 Kamal El Din Salah St., Garden City, Cairo  
Website: <http://egypt.usembassy.gov/>

#### **U.S. CONTACTS IN EGYPT:**

American Mideast Educational & Training Services, Inc. (AMIDEAST)  
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23 Mossadak St., Dokki, Giza  
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Fax: +20 (2) 795-2946  
Website: <http://www.amideast.org/offices/egypt/cairo/default.htm>

American Research Center in Egypt (ARCE)  
Mr. Gerry Scott/Director  
2 Kasr El Doubara Sq., Garden City, Cairo  
Tel: +20 (2) 794-8239, +20 (2) 795-8683  
Fax: +20 (2) 795-3052, 749-8622  
Website: <http://www.arce.org/aboutarce/aboutarce.html>

American University in Cairo (AUC)  
Mr. David Arnold, President  
113 Kasr El Aini St., Cairo  
Tel: +20 (2) 794-2964 (9 lines)  
Fax: +20 (2) 795-7565  
Website: <http://www.aucegypt.edu/>

Community Services Association (CSA)  
Mrs. Julia Pricedunn, Executive Director  
4 Road 21, Maadi  
Tel: +20 (2) 358-0754, +20 (2) 358-5284  
Fax: +20 (2) 380-2838  
Website: <http://www.livinginegypt.org>

Ford Foundation  
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1 Osiris St., 7<sup>th</sup> Floor, Garden City, Cairo  
PO. Box 2344  
Tel: +20 (2) 795-2121, +20 (2) 794-4450, +20 (2) 794-9635  
Fax: +20 (2) 795-4018  
Website: <http://www.fordfound.org/global/office/index.cfm?office=Cairo>

Fulbright Commission  
Dr. Bruce Lohof, Executive Director  
21 Amer St., Messaha, Dokki, 12311, Giza, Egypt  
Tel: (202) 3359717 / 3365300 / 3357978 / 3365800 / 3368225 / 7626307 / 7626305 /  
7972321 / 7972216 + (2010) 5095268 / 5095485  
Fax: + (202) 7627346 / 7957893  
Website: <http://www.fulbright-egypt.org/>

#### **EGYPTIAN GOVERNMENT CABINET:**

<http://www.eip.gov.eg/English/sources/MinistryDic.asp>

Prime Minister  
H.E. Dr. Ahmed Nazeef  
Magles El Shaab St., Kasr El Aini St., Cairo  
Tel: +20 (2) 795-8025/14/ 36/39  
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Ministry of Defense & Military Production  
H.E. Field Marshal Mohamed Hussein Tantawy, Minister  
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Fax: +20 (2) 291-6227  
E-mail: [mmc@afmic.gov.eg](mailto:mmc@afmic.gov.eg), [mod@afmic.gov.eg](mailto:mod@afmic.gov.eg)  
Website: <http://www.mmc.gov.eg/>

Ministry of Interior  
H.E. Gen. Habib Al Adly, Minister  
El Sheikh Rihan St., Bab El Louk, Cairo  
Tel: +20 (2) 795-7500, +20 (2) 795-2300, +20 (2) 795-7286  
Fax: +20 (2) 795-8068, +20 (2) 579-2031

Ministry of Foreign Affairs  
H.E. Mr. Ahmed Aboul Gheit, Minister  
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Fax: +20 (2) 574-9533, +20 (2) 574-8822  
E-mail: [mofainfo@idsc.net.eg](mailto:mofainfo@idsc.net.eg)  
Website: <http://www.mfa.gov.eg/english/news/default.aspx?ph=5>

Ministry of Information  
H.E. Mr. Anas El Fekki, Minister  
Maspero, Corniche El Nil, Cairo  
Tel: +20 (2) 574-8984/6 574-6927  
Fax: +20 (2) 575-8781, 5746928  
Website: <http://www.minfo.gov.eg/>

Ministry of Culture  
H.E. Mr. Farouk Hosny, Minister  
2 Shagaret El Dor St., Zamalek, Cairo  
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Fax: +20 (2) 735-6449  
E-mail: [scc@idsc.net.eg](mailto:scc@idsc.net.eg)  
Website: <http://www.scc.gov.eg/>

Ministry of Petroleum  
H.E. Eng. Sameh Fahmy, Minister  
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Tel: +20 (2) 263-1000 / 2000/ 4000, +20 (2) 670-6401  
Fax: +20 (2) 263-6060, +20 (2) 670-6419  
E-mail: [info-emp@emp.gov.eg](mailto:info-emp@emp.gov.eg)  
Website: <http://www.emp.gov.eg/>

Ministry of Electricity and Energy  
H.E. Dr. Hassan Younis, Minister  
8 Ramses Str.  
Abbassia Square, Nasr City, Cairo  
Tel: +20 (2) 261-6514, +20 (2) 261-6317/ 21, +20 (2) 401-7845  
Fax: +20 (2) 260-2888, +20 (2) 261-6302, +20 (2) 261-6234

Ministry of International Cooperation  
H.E. Dr. Fayza Aboul Naga, Minister  
Ministry of Foreign Affairs Building  
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Tel: +20 (2) 574-9810/ 6, +20 (2) 574-6861/ 2  
Fax: +20 (2) 574-9533, +20 (2) 574-7822  
E-mail: [mnafeh@idsc.net.eg](mailto:mnafeh@idsc.net.eg)  
Website: <http://www.mic.gov.eg/>

Ministry of State for Administrative Development  
H.E. Dr. Ahmed Darwish, Minister  
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Website: <http://www.goief.gov.eg/fornt.htm>

Immigration & Egyptians Abroad Administration  
Ms. Magda Abdel-Rahman  
96 Ahmed Orabi St., Mohandessin  
Tel: +20 (2) 303-6431, +20 (2) 303-4433, +20 (2) 303-4346, +20 (2) 303-4349,  
Fax: +20 (2) 303-5332, +20 (2) 346-3497

New Community Authority  
Eng. Hussein Hosny  
Housing Bldg., 1 Ismail Abaza St., Cairo  
Tel: 20-2-792-1409 Fax: 20-2-792-1406

Public Enterprise Office (PEO)  
Dr. Mahmoud Mohie Eldin, Minister  
2 Latin America St., Garden City, Cairo  
Tel: +20 (2) 795-9288/87  
Fax: +20 (2) 795-9233

Sales Tax Authority  
Mr. Mahmoud Mohamed Ali, Director  
4 El Tayaran St., Nasr City, Cairo  
26 El-Abour Bldg., Nasr City, Cairo  
Tel: +20 (2) 403-4893/96  
Fax: +20 (2) 401-2702  
Website: <http://www.salestax.gov.eg/>

Social Fund for Development (SFD)  
Dr. Hany Seif Al Nasr, Secretary General  
1 Hussein Hegazy St. off Kasr El Nil St., Cairo  
Tel: +20 (2) 366-9102/104/196, +20 (2) 794-8339  
Fax: +20 (2) 795-0628, +20 (2) 796-1660  
Website: <http://www.sfdegypt.org>

Cairo Alexandria Stock Exchange  
Mr. Magdi Shawki, Director  
4A El Sherifien St., Down Town, Cairo  
Tel: +20 (2) 395-9200, +20 (2) 392-8698, +20 (2) 392-1402/47  
Fax: +20 (2) 395-5799, +20 (2) 392-4214  
Website: <http://www.egyptse.com/main.asp>

Suez Canal Authority  
Marshall. Ahmed Ali Fadel, Chairman  
6 Lazoghly St., Garden City, Cairo  
Tel: +20 (2) 794-0746/7/8/9, +20 (2) 577-0658, +20 (2) 578-8350  
Fax: +20 (2) 795-1592, +20 (64) 391-4784, +20 (64) 391-4785

Taxation Authority  
Mr. Hosny Gad, Chairman

5 Hussein Hegazi St., La Zoughly Square, Downtown, Cairo  
Tel: +20 (2) 792-0767/68, +20 (2) 795-2128  
Fax: +20 (2) 792-0757

Telecom Egypt  
Eng. Akil Hamed Beshir, Chairman  
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Fax: +20 (2) 574-4244, +20 (2) 579-3444  
Website: <http://www.telecomegypt.com.eg/home-en.asp>

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Alexandria Business Association (ABA)  
Mr. Mohamed Ragab, President  
C/o Ragab Export. & Import Company  
52 Avenue El Horria St., Alexandria  
Tel: +20 (3) 484-8978, +20 (3) 484-8979  
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Website: <http://www.aba.org.eg/>

Borg El Arab Business Association  
Eng. Mohamed Farag Amer  
First Industrial Zone, Borg El Arab, Alexandria  
Tel: +20 (3) 459-3650, +20 (3) 459-2075  
Fax: +20 (3) 459-3650  
E-Mail: [info@newborgelarab.com](mailto:info@newborgelarab.com)  
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Egyptian American Friendship Association  
Dr. Ibrahim Fawzi - Chairman  
83 Ramses St., 2nd Floor, Cairo  
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Egyptian Businessmen's Association (EBA)  
Mr. Ali Gamal El Nazer, Chairman  
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Tel: +20 (2) 573-6030, +20 (2) 572-3020, +2-010-538-4604, +2-010-538-4605  
Fax: +20 (2) 572-3855, +20 (2) 573-7258  
Website: <http://www.eba.org.eg/>

Egyptian Small Enterprise Development  
Mr. Mohamed Mubarak Refai, Chairman  
13 Salem Salem St., El Agouza, Giza, Cairo  
Tel: +20 (2) 336-3980/1/2/4/5  
Fax: +20 (2) 336-3983

Egypt's International Economic Forum  
Ms. Nadia M. Lamloum, Forum Manager  
Mr. Shafik Gabr, Chairman  
Hassan El Akbar Str., Off Road #9  
C/o Artoc Group Company – 2<sup>nd</sup> Floor  
Mokatam, Cairo  
Tel: +20 (2) 667-8441/2/3  
Fax: +20 (2) 667-8445/6  
E-Mail: [eief@eieforum.org](mailto:eief@eieforum.org)  
Website: <http://www.eieforum.org/>

Sadat City Business Association  
Mr. Hussein Abdel Moneim El Aguizy, President  
P.O. Box 104, Sadat City, Menoufia Governate  
Tel: +20 (48) 2601614, +20 (48) 2602992, +20 (48) 2602968  
Fax: +20 (48) 260-1468  
Website: <http://www.scia.org.eg/>

Tenth of Ramadan Business Association  
Mr. Mahmoud Soliman, Chairman  
10th of Ramadan City, Banks District, Kafrawy Garden, P.O. Box 73  
Tel: +20 (15) 372-750/1/2, 20 (15) 382-001  
Fax: +20 (15) 363-413  
Website: <http://www.triaeg.org/>  
E-Mail: [tria@triaeg.org](mailto:tria@triaeg.org)

#### **OTHER CHAMBERS OF COMMERCE IN EGYPT:**

American Chamber of Commerce in Egypt  
Mr. Tahar Helmy, President  
33 Soliman Abaza St., Dokki, Giza  
Tel: +20 (2) 338-1050  
Fax: +20 (2) 338-1060  
Website: <http://www.amcham.org.eg/>

German-Arab Chamber of Commerce in Egypt  
21 Soliman Abaza Str., Dokki, Giza  
Tel: +20 (2) 336-8183  
Fax: +20 (2) 336-8026  
E-mail: [info@ahkmena.com](mailto:info@ahkmena.com)  
Website: <http://www.ahkmena.com/>

Greek-Arab Chamber of Commerce in Egypt  
17 Soliman El Halabi St., Cairo  
Tel: +20 (2) 574-1190  
Fax: +20 (2) 575-4970  
E-mail: [gccc@hotmail.com](mailto:gccc@hotmail.com)

Italian-Arab Chamber of Commerce in Egypt  
33 Abdel Khalek Tharwat St., Down Town, Cairo  
Tel: +20 (2) 392-2275, +20 (2) 3937944

Fax: +20 (2) 391-2503  
Website: [www.cci-egypt.org](http://www.cci-egypt.org)  
E-mail: [Egyptian-services@italchamber-egypt.org.eg](mailto:Egyptian-services@italchamber-egypt.org.eg)

Japanese Foreign External Organization  
World Trade Center, 1191 Corniche El-Nil, Bolak, Cairo  
Tel: +20 (2) 574-1111  
Fax: +20 (2) 575-6966

## **U.S. AND EGYPTIAN ORGANIZATIONS AND ASSOCIATIONS:**

### **Chambers of Commerce in the U.S.:**

National U.S.-Arab Chamber of Commerce  
Mr. David Hamod, President  
1023 15th Street, N.W., 4th Floor  
Washington, D.C. 20005  
Tel: (202) 289-5920  
Fax: (202) 289-5938  
Website: <http://www.nusacc.org/>

American Arab Chamber Of Commerce  
Ahmad Chebbani, Chairman/CEO  
4917 Schaefer, Suite 215  
Dearborn, MI 48126  
Tel: (313) 945-1700  
Fax: (313) 945-6697  
E-mail: [achebbani@americanarab.com](mailto:achebbani@americanarab.com)  
Website: <http://www.americanarab.com/main.cfm?location=12>

### **New York:**

American Egyptian Cooperation Foundation (AECF)  
330 East 39th Street, Suite 32L  
New York, NY 10016  
Tel: (212) 867-2323  
Fax: (212) 697-0465  
Website: <http://www.americanegyptiancoop.org/id6.htm>

### **Washington D.C.**

Egyptian-American Cultural Association (EACA)  
Mohmaed El Shinnawi, President  
P.O. Box 9554, Washington, D.C. 20016  
E-mail: [info@eacaonline.org](mailto:info@eacaonline.org)  
Website: <http://www.eacaonline.org/>

The Council on Egyptian-American Relation  
Dr. Ibrahim Oweiss, President  
1250 24th Street NW Suite 350, Washington DC 20037

Tel: (Office) (202) 835-1616  
Tel: (202) 835-1680  
Email: [oweiss@councilea.org](mailto:oweiss@councilea.org), [info@egyptsotherpasts.com](mailto:info@egyptsotherpasts.com)  
Website: <http://www.councilea.org/>

## **Seattle**

Nile Association of Seattle  
Mr. Hani El Kordy  
Tel: (425) 898-7870  
E-mail: [Hani.A.ElKordy@boeing.com](mailto:Hani.A.ElKordy@boeing.com), [H.ElKordy@comcast.net](mailto:H.ElKordy@comcast.net)  
Website: <http://www.nileseattle.org/>

## **EGYPTIAN GOVERNMENT IN THE U.S.:**

Embassy of the Arab Republic of Egypt  
Ambassador Mohamed Nabil Ismail Fahmy  
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Washington, D.C. 20008  
Tel: (202) 895-5400  
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E-mail: [embassy@egyptembdc.org](mailto:embassy@egyptembdc.org)  
WebSite: <http://www.egyptembassy.us/>

Office of Economic & Commercial Affairs  
Embassy of the Arab Republic of Egypt  
Mr. Alaa El Din Shalaby, Minister-Counselor for Economic & Commercial Affairs  
2232 Massachusetts Ave., NW  
Washington, D.C. 20008  
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Fax: (202) 328-4517

Permanent Representative of the Arab Republic of Egypt to the United Nations  
304 East 44th Street, New York, NY 10017  
Telephone: (212) 503-0300  
Fax: (212) 949-5999  
Website: <http://www.un.org/Overview/missions.htm>

Consulate General of Egypt  
Consul General: Sherif Riad El Kholy  
1110 Second Ave., Rm. 201  
New York, NY 10022  
Tel: (212) 759-7120, (212) 759-7121, (212) 759-7122  
Fax: (212) 308-7643  
E-Mail: [info@egyptnyc.net](mailto:info@egyptnyc.net)  
Website: <http://www.egyptnyc.net/>

The Egyptian Consulate General in San Francisco  
Consul General: Abd El Rahman Salah Eldin  
3001 Pacific Ave.

San Francisco, CA 94115 -1013  
Tel: (415) 346-9700, (415) 346-9702, (415) 346-7352  
Fax: (415) 346-9480, (415) 346-7352  
Website: <http://www.egy2000.com/>

Consulate General of Egypt  
Consul General: Omar El Farouk Hassan  
1990 Post Oak Blvd., Suite 2180  
Houston, TX 77056  
Tel: (713) 961-4915, (713) 961-4916  
Fax: (713) 961-3868

Consulate General of Egypt  
Consul General: Hoda Abdo Mohamed Goda  
500 N. Michigan Ave., Suite 1900  
Chicago, IL 60611  
Tel: (312) 828-9162, (312) 828-9164, (312) 828-9163  
Fax: (312) 828-9167  
Website: <http://www.eg2002.net>

#### **WASHINGTON-BASED U.S. GOVERNMENT CONTACTS:**

U.S. Department of Commerce  
Ms. Maram Talaat, Egypt Desk Officer  
MAC/ONE, Room 2029B  
Washington, D.C. 20230  
Tel: (202) 482-1860  
Fax: (202) 482-0878  
Website: <http://www.ita.doc.gov/>

U.S. Department of Commerce  
U.S. Commercial Service  
Bobette Orr, Regional Director - ANESA  
HCH Bldg., Room 1223  
Washington, D.C. 20230  
Tel: (202) 482-4836  
Fax: (202) 482-5179  
Website: <http://www.buyusa.gov/home/>

U.S. Department of Agriculture  
AgExport Services Division  
Mr. Charles T. Alexander, Director  
Room 4939-S, 14th Independence Ave., SW  
Washington, D.C. 20250  
Tel: (202) 720-6343  
Fax: (202) 690-4374  
Website: <http://www.fas.usda.gov/>

U.S. Department of State  
Mr. James McVerry, Director

Mrs. Stephanie Williams, Deputy Director  
Office of Egyptian and Levantine Affairs  
NEA/ENA, Room 5250  
Washington, D.C. 20520  
Tel: (202) 647-4261, Fax: (202) 736-4458  
Website: <http://www.state.gov/p/nea/>

U.S. Export-Import Bank (EXIM Bank)  
811 Vermont Avenue NW  
Washington, D.C. 20571  
Tel: (202) 566-8990, (202) 566-2117, (202) 565-3946, (800) 565-3946  
Fax: (202) 566-7524, (202) 565-3931  
Website: <http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)  
1100 New York Avenue NW,  
Washington, D.C. 20527  
Tel: 202-336-8400, 336-8799  
Fax: 202-408-9859, 336-7949  
Website: <http://www.opic.gov/>

U.S. Small Business Administration (SBA)  
740 15th Street NW, 3rd Floor  
Washington, D.C. 20005-3544  
Tel: (202) 272-0345  
Fax: (202) 272-0344  
Website: <http://www.sba.gov/>

U.S. Trade and Development Agency (USTDA)  
Mr. Carl Kress, Regional Director for Africa & Middle East  
1000 Wilson Blvd., Suite 1600  
Arlington, VA 22209-3901  
Tel: (703) 875-4357  
Fax: (703) 875-4009  
Website: <http://www.ustda.gov/>

#### **MULTILATERAL INSTITUTIONS ABROAD:**

African Development Bank  
ADB temporary relocation agency (Tunis)  
Angle des trois rues: Avenue du Ghana, rue Pierre de Coubertin, rue Hedi Nouria  
BP. 323, 1002 Tunis belvedere, Tunisia  
Tel: +216 (71) 333-511, +216 (71) 103-450  
Fax: +216 (71) 351-933  
Email: [afdb@afdb.org](mailto:afdb@afdb.org)  
Website: <http://www.afdb.org/en>

International Finance Corporation (IFC)  
2121 Pennsylvania Avenue NW  
Washington, DC 20433



Tel: (202) 473-7711, 473-3800  
Fax: (202) 974-4384  
Website: <http://www.ifc.org/>

World Bank  
Office of the U.S. Executive Director  
1818 H Street, N.W.  
Washington, D.C. 20433  
Tel: (202) 477-1234, 477-1000  
Fax: (202) 477-6391  
Website: <http://www.worldbank.org/>

### **MULTILATERAL INSTITUTIONS IN EGYPT:**

African Export Import Bank (AFREXIM)  
Mr. Jean Louis Ekra, President  
World Trade Center Bldg., 3rd & 8th Floors  
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Tel: +20 (2) 578-0281, 578-0282  
Fax: +20 (2) 578-0276-9  
Website: [www.afreximbank.com](http://www.afreximbank.com)

African Development Bank  
Egypt Country Office (EGCO)  
Mr. Omar Awu, Resident Representative  
1, Al-Gazayer Square, 1st floor, New Maadi, Cairo  
Tel: +20 (2) 516-0906, 516-0546  
Fax: +20 (2) 516-0868  
Website: [www.afdb.org](http://www.afdb.org)

International Finance Corporation (IFC)  
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World Trade Center, 1191 Corniche El Nil St., 12th Fl., Cairo  
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Fax: +20 (2) 579-2211  
Website: [www.ifc.org](http://www.ifc.org)

### **OTHER INSTITUTIONS:**

Cairo Regional Center for International Commercial Arbitration  
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Fax: +20 (2) 735-1336, 736-4485  
E-mail: [info@crcica.org.eg](mailto:info@crcica.org.eg)  
Website: <http://www.crcica.org.eg>

Commission of the European Communities Delegation in Egypt

Amb. Klaus Ebermaan, Head of the Delegation  
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E-mail: [delegation-egypt@cec.eu.int](mailto:delegation-egypt@cec.eu.int)  
Website: <http://www.eu-delegation.org.eg/en/index.htm>

United Nations Development Program (UNDP)  
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Website: <http://www.undp.org.eg/default.aspx>

## Market Research

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## Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Please click on the link below for information on upcoming trade events in Egypt.

<http://www.cairofair.com/Front/main.asp>

<http://www.cicc.egnet.net/>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

[www.buyusa.gov/egypt](http://www.buyusa.gov/egypt)

For more information on the services the U.S. Commercial Service offers U.S.

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.